

The Global Newspaper Edited and Published in Paris. Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, Miami, Rome, Tokyo.

INTERNATIONAL Herald Tribune

Algeria... 8 00 Dn. Iran... 115 Rials. Oman... 1 000 Rials. ...

No. 32,680 12/88 PARIS, TUESDAY, MARCH 22, 1988 ESTABLISHED 1887

U.S. and Soviet Union Forge Key Links in New Arms Pact

By Don Oberdorfer and Lou Cannon. WASHINGTON — U.S. and Soviet negotiators have set the stage for major strides toward a drastic cutback of strategic nuclear arms...



WEST BANK CONFRONTATION — An Israeli soldier grabbed a Palestinian as he prepared to show his papers in Ramallah, on the West Bank, during a security check. The man was arrested and driven away. See World Briefs, Page 2.

Iraq Hits 2 Iranian Tankers

51 Feared Dead As Ships Burn at Kharg Terminal. By Alan Cowell. Nicosia — Fifty-one crewmen from two Iranian supertankers were reported missing and presumed dead Monday after an Iraqi air strike Saturday on Iran's Kharg Island oil terminal.

Chinese Sale of Missiles To Saudis Called Risky

By Joseph Fitchett. PARIS — International military experts said Monday that China's sale of strategic ballistic missiles to Saudi Arabia marked a troubling escalation in the regional arms race because the weapons were too inaccurate to be effective unless they were armed with nuclear or chemical warheads.

As Missiles Arrive, Tehran Skips a Beat

By Patrick Tyler. TEHRAN — At 4:10 P.M. on Monday it came streaking toward the snow-capped peaks through the crystal blue western sky, a single brilliant white vapor trail. There was an eerie quiet throughout this city of 12 million celebrating the Iranian new year.

As Missiles Arrive, Tehran Skips a Beat

The government does not want the people to panic, said one well-informed Iranian with ties to the regime. "But still they announce each missile on television" because the people can hear the explosions as they roll across the city.

Kiosk U.S. Accident In Honduras. WASHINGTON (Reuters) — A U.S. military helicopter crashed Monday in Honduras about 35 miles (60 kilometers) north of the Nicaraguan border...

Critics Fight Draft Plan In East Bloc. By John Tagliabue. WARSAW — In the latest instance of coordinated activity, several hundred critics of Communist governments throughout Eastern Europe issued an appeal Monday for the right to refuse to serve in the military.



BRITISH GREET QATAR'S HEIR APPARENT — Sheikh Hamad bin Khalifa al-Thani, the crown prince and defense minister of Qatar, reviewed the 1st Battalion of the Irish Guards in London as he began his first official visit to Britain.

Many of those who have stayed carry the wounds of the missile war. A young woman sipping tea in a hotel restaurant, the bandages of her lacerated face visible as she peered out from the dark oval recess of her veil. A young soldier in a grimy cafe, munching a local meat...

2500 F 2500 F 2500 F. France introduces a new symbol for francs. Page 2.

General News. Prava rejected calls to put a region in Azerbaijan under Armenian control. Page 2. New energy and foreign ministers have been named in a major reshuffle of the Indonesian cabinet. Page 6.

BRITISH GREET QATAR'S HEIR APPARENT — Sheikh Hamad bin Khalifa al-Thani, the crown prince and defense minister of Qatar, reviewed the 1st Battalion of the Irish Guards in London as he began his first official visit to Britain. Sheikh Hamad was to hold talks with Prime Minister Margaret Thatcher and the foreign secretary, Sir Geoffrey Howe.

Africa AIDS Epidemic May Be Leveling Off. By Philip J. Hilt. WASHINGTON — The AIDS epidemic may be leveling off in some of the hardest hit nations in Africa, which some researchers say they see as the first signs that the disease may have reached its peak since it began spreading there nearly two decades ago.

Down 20.23. The Dollar In New York. DM 1.6893. Pound 1.8305. Yen 127.00. FF 5.741.

But its wider significance was that it provided a further example of international coordination among dissidents. The statement was signed by Czechoslovaks, East Germans, Hungarians, Poles, Russians and Yugoslavs.

See BLOC, Page 2.

Africa AIDS Epidemic May Be Leveling Off

Most of the 50 countries of Africa are not substantially affected by AIDS. The spread of the disease is concentrated mainly in urban areas of Zaire, Uganda, Rwanda, Burundi, Zambia, Congo, Central African Republic and Tanzania.

In the Stress-Management Field, the Competition Is Going to Be Intense

By Carol Lawson. NEW YORK — There is a growing group of entrepreneurs who are enthralled by stress, who cannot get enough of it and who are making it the latest catchword in sweep the self-help industry.

Stress management is the foundation of the stress business, and so far the field is wide open. There are no common guidelines for treatment, no standards for practitioners and no criteria for success.

There is a tremendous rise in workers' compensation claims for stress-induced illnesses. For some people, stress management is a substitute for psychotherapy. It can cost as much — \$100 an hour or more — but it is much briefer, lasting only weeks or months instead of years.

See AIDS, Page 2.

See AIDS, Page 2.

See AIDS, Page 2.

See AIDS, Page 2.

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From Duarte Is Facing Setback

Rightists Appear To Lead Elections

By James LeMoine
New York Times Service
SAN SALVADOR — El Salvador's governing Christian Democratic Party has suffered a major defeat in national municipal and legislative elections, according to party officials.

With returns from Sunday's voting not due until late Monday at the earliest, members of the main rightist opposition party, the National Republican Alliance, and the Christian Democrats said that the rightists had won the mayor's office in the Salvadoran capital and appeared to be winning a majority in the National Assembly.

Marxist guerrillas had made a major effort to discourage voters from going to the polls, setting off six bombs in the capital Saturday night, enforcing a ban on traffic and cutting off power to 80 percent of the country by blowing up electrical lines.

Nevertheless, thousands of people in the capital and elsewhere in the country voted. The Christian Democrats lost political control of the capital for the first time in 24 years, and, if the rightist opposition indeed gains control of the National Assembly, it will be a crushing defeat for the Christian Democrats.

"The people have given a verdict and we accept the verdict of the people," said Rodolfo Castillo Garamont, the vice president of the Christian Democratic Party, in conceding defeat Sunday evening.

The election was the fourth since 1982 and represents a continuation of El Salvador's experiment with civilian government after nearly a century of military dictatorships.

The campaign was marked by public apathy, bitter personal attacks and charges of official corruption. These factors appear to have contributed to the setbacks facing the ruling Christian Democratic Party and its leader, President José Napoleón Duarte.

The loss of control of the mayor's office in San Salvador was a particularly stinging defeat for the Christian Democrats because their candidate was Mr. Duarte's son, Alejandro.

The gains for the right are likely to produce a legislature in which no party enjoys an absolute majority, forcing Mr. Duarte, who is in the last year of his term and who cannot run for re-election, to make compromises in the face of an increasingly bitter civil war, now in its eighth year.



Border Clash Appears to Have Damaged Contras

By Bernard E. Trainor
New York Times Service

WASHINGTON — The Sandinist offensive last week along the Nicaraguan-Honduran border succeeded in badly damaging the U.S.-backed rebels because the contras violated a fundamental axiom of guerrilla war by allowing themselves to become a fixed target.

The offensive stopped short of total success for reasons that appear more political than military. Information on the fighting indicates that the Sandinist operation was well-planned and professional, executed and facing only minor opposition, could have overrun the contra headquarters, a major ammunition dump and a hospital.

rebels are known, maintained a complex of camps in the Bocoja River Valley along the Honduran-Nicaraguan border. The network was an irresistible target for the Sandinists.

In May, the Sandinists launched a foray into the same area. In the

1987 action the Sandinists sought without success to disrupt contra infiltration into Nicaragua. This year, shortages of supplies, caused by the cutoff of American aid, forced the contras to retreat from the interior of Nicaragua to the Bocoja area and their supply depot and headquarters in Honduras. They were vulnerable in such a fixed position.

The consolidation of contra forces in the Bocoja area provided an opportunity for the Sandinists to strike a blow against the rebels as they fell back. Such an operation, if successful, would also strengthen Managua's negotiating position in face-to-face talks with the contras scheduled for this week.

It was also important to inflict as much damage on the contras as possible before the rainy season, which begins in late May, brings military operations to a halt.

According to Major Roger Miranda Bengoechea, who was a close aide to Defense Minister Humberto Ortega Saavedra of Nicaragua before defecting to the United States last fall, the Sandinists sought to take advantage of the Central American peace plan to weaken the contras by seizing their base camps in the Bocoja Valley.

The Bocoja, accessible only by air and by foot, became the main contra base of operations when, at the request of Honduras, the contras moved from their headquarters at Yamasá to the border area around San Andrés de Bocoja, a village adjacent to the Coco River.

drifting back to the Bocoja area for their supplies. The Sandinist commander in the area sent out units to ambush the returning contras and to determine the location of their headquarters.

The first indication that an offensive was in the making came in late February when large Sandinist troop and supply convoys began to move north to the mining town of Bonanza, where a command post and logistics base was established 30 miles (50 kilometers) from the border.

By the beginning of March, Sandinist reconnaissance, infantry and artillery units were in place in and around the Bocoja Valley. Additional assault units along with nine Soviet-made transport helicopters were at the Sandinist headquarters in Bonanza. The force totaled at least 4,500 Antonov-26 transports were converted into bombers and began harassing the contras from high altitude.

The contra leadership and Reagan administration officials were aware of the impending offensive, but made no public disclosure. On March 8 in a speech in Managua, President Daniel Ortega Saavedra alluded to a coming offensive in the Bocoja region.

The offensive was launched the next day. Sandinist helicopters flying at treetop level began to shuttle troops to landing zones close to the border. About 500 Sandinists were landed about five miles from the border at the confluence of the Bocoja and Amaca rivers. The next day they attacked north to seize a dirt

airstrip across the Coco River in Honduras. Other infantry, artillery, rocket and bombing attacks in the Bocoja region were under way, but the principal attack was against the airstrip.

The contras tried to defend some of their positions in Nicaragua, but quickly abandoned them and retreated across the border into Honduras, causing confusion in the contra base camp a few miles northeast of San Andrés.

By last Wednesday, the airstrip had been captured and the contras effectively cut off. The Sandinists controlled the Bocoja Valley on their side of the border and what few contras remained in Nicaragua were making their way back into Honduras. The Sandinists continued bombarding the contra headquarters complex just inside Honduras and advanced through the jungle against feeble resistance.

The Sandinist offensive disrupted the contra base camp. It destroyed weapons and ammunition, food, and most importantly, denied a haven to contra forces.

Sandinists and Contras Set a Cease-Fire

By Stephen Kinzer
New York Times Service

SAPOA, Nicaragua — Sandinist and contra rebel delegates arrived at this border post for cease-fire talks Monday and announced that they would stop fighting during the three days of talks.

Defense Minister Humberto Ortega Saavedra, who heads the Sandinist delegation, announced that he had ordered a halt to offensive military actions.

Later, one of the contra delegates, Alfredo César, said the step was positive and that the contras would follow suit.

But Mr. César said the recent government attack on contra positions in northern Nicaragua led him to doubt the prospect for a quick agreement.

"I am pessimistic because the Sandinist actions so far have shown a will to achieve a military victory against the resistance," he said.

"That's all we've seen in the last weeks. Everything else has been propaganda up until now," Mr. César said.

"Cease-fire has to come simultaneously with democratization," he said.

Sandinist negotiators gave no indication that they were ready to discuss political questions. But Mr. Ortega called the session historic.

"We will stay here to take all the necessary steps, hold all the necessary meetings and discussions, and stay as many days as necessary to reach a definitive cease-fire," he said.

The meeting is the first ever between senior leaders of the Sandinist government and the contra guerrillas. It is being held under terms of the Central American peace accord signed last August.

Sandinist demonstrators held a large rally Monday in Rivas, a few miles north of here. "All contras are murderers," a large banner said.

Anti-contra marches and rallies were also held in Managua and other principal cities.

At Sapoa, the scene was calmer because the government had agreed not to allow rallies at the site of the talks.

Several Americans attended to show support for the Sandinists. Sapoa is not a town, but simply a border checkpoint that is the sole customs post for overland traffic between Costa Rica and Nicaragua.

The talks are being held in a reconnoitered warehouse.

Nicaragua's Roman Catholic primate, Miguel Cardinal Obando y Bravo, and João Baena Soares, secretary-general of the Organization of American States, are witnesses to the talks.

The arrival of the contras was an extraordinary moment, since they are leaders of an army still very much at war with the regime.

Both witnesses and the Sandinist delegates were already inside when contras arrived aboard a bus from the Costa Rican side of the border.

It was the first time in years that any of the contras had crossed into Nicaragua legally.

Before entering the warehouse to begin negotiating, the contras held a brief news conference. Mr. César demanded that the Sandinists "empty the jails of political prisoners."

Adolfo Calero, who heads the contra delegation, said he was here seeking "peace with freedom."



In talks with contra leaders at Sapoa, on Monday, the Sandinist defense minister, Humberto Ortega Saavedra, left foreground, sits opposite Adolfo Calero, in a white shirt, and Alfredo César, right.

Bush and Jackson Take Puerto Rico

The Associated Press

SAN JUAN, Puerto Rico — Vice President George Bush has won the Republican presidential primary in Puerto Rico and added 14 more national convention delegates to his tally, while the Reverend Jesse L. Jackson has won the nonbinding Democratic primary.

With 35 percent of the precincts reporting by Monday morning, Mr. Bush had won 98 percent of the vote. His rival for the Republican nomination, Senator Bob Dole of Kansas, received just 2 percent.

Mr. Bush had 1,935 votes, compared with 48 for Mr. Dole. "Bush has the 14 delegates," said Luis Ferré, a Republican Party leader.

The vast majority of Puerto Ricans chose to vote in the Democratic primary. With 91 percent of the precincts reporting, Mr. Jackson led with 87,737 votes, or 32 percent.

Governor Michael S. Dukakis of Massachusetts was second with 70,733 votes, or 26 percent, followed by Senator Paul Simon of Illinois with 57,639 votes, or 21

percent. Senator Albert Gore Jr. of Tennessee had 43,361 votes, or 17 percent, and Representative Richard A. Gephardt of Missouri received 9,159 votes, or 3 percent.

The Democratic primary had no effect on the candidates' delegate totals for the Democratic National Convention. The 33 delegates at stake have said they will go uncommitted to the convention.

Puerto Rico's two main political parties, the Popular Democratic Party and the out-of-power New Progressive Party, predicted that about 1 million people would vote, but the turnout was much lower. A system that required voters to reg-

ister beginning at 9 A.M. but prohibited them from voting until after 2 P.M., may have been responsible.

The election commission reported that the Popular Democratic slate was ahead of the New Progressive slate by 242,471 votes to 190,673, with 1,053 of 1,650 precincts reporting.

Kenyan Turnout Is Reported Good

Agence France-Press

NAIROBI — Kenyans voted in parliamentary and local council elections Monday amid reports of a good turnout in several areas despite stormy weather over much of the country.

Election day had been declared a holiday in this East African state to try to ensure a large vote, which if confirmed will provide a boost to President Daniel arap Moi and the Kenya African National Union, the country's sole legal party.

An 'Indefinite Strike' Starts in Panama

By Larry Rohter
New York Times Service

PANAMA CITY — An "indefinite general strike" called by opponents of General Manuel Antonio Noriega was started in Panama on Monday, shutting stores and factories and putting additional strain on an economy already in a shambles.

Leaders of the National Civic Crusade, the opposition coalition that has been demanding that General Noriega step down since the country's political crisis began in June, said the strike was 90-percent effective. Buses, taxis and trucks were on the streets as usual, and electricity and phone services also seemed largely unaffected.

It was difficult to determine what impact the closing of commerce and supermarkets would have. The capital area, where half of Panama's 2.2 million people live, has virtually been in a state of paralysis for a week now, ever since utility workers began walking off their jobs, and many people are already running low on food and money.

Apparently in an attempt to keep the labor unrest from spreading, General Noriega's government, which is starved for cash, made public a new decree on Monday that suspends any civil servant who goes on strike or takes part in a work slowdown. The measure applies to all state agencies and ministries.

Panama has been confronting a cash crunch since March 3, when the government acknowledged that it could no longer meet its financial obligations and ordered all banks to close. Since then, retirees, teachers, doctors and the rest of the country's more than 140,000 government workers have been unable to collect their wages.

be having little effect among workers already on strike because of the government's inability to pay them. At the headquarters of the dock workers' union in Balboa, workers continued to refuse to load or unload cargo and spent the day in their union hall, playing dominoes or watching soap operas on television.

"There's been no change in our position," said Humberto Villa, foreman of a ship repair crew. "We want our salary, we want it in full, and we want it in cash. We're not going to accept any phony bonds or coupons from the government."

In an act of solidarity with their bosses, employees of many private businesses came to work anyway. Throughout the day, they stood together in front of their stores or factories, a few equipped with shotguns or baseball bats, hoping their mere presence would prevent the attacks by looters that have occurred intermittently.

Some policemen were on the streets, though in numbers significantly smaller than during other recent times of tension. Diplomats and military experts said General

Noriega no longer trusted the police, whose chief, Colonel Leonidas Macías, led a coup attempt last Wednesday.

In place of the police, regular army units, armed with M-16 rifles and other equipment not normally carried by policemen, are on many street corners and intersections. Throughout the day, they were halting pedestrians and drivers of private automobiles, many of

whom were forced to produce identification papers and allow their car trunks to be inspected.

But in a sign that the tension may be diminishing, the U.S. Southern Command reduced on Monday limitations on movements by the 10,000 U.S. soldiers stationed in Panama. Schools for military dependents were also operating for the first time since last Wednesday.

Noriega Is Said to Stock Soviet Arms From Cuba

By Lena Williams
New York Times Service

WASHINGTON — A Panamanian air force officer who was granted political asylum in the United States on Friday after the unsuccessful coup attempt in Panama said that the military leader, General Manuel Antonio Noriega, was stockpiling Cuban arms.

In television interview, the officer, Major Augusto Villalaz, said Sunday that several shipments of Soviet arms were flown from Cuba into Panama at General Noriega's request.

"I myself made three flights and they were expecting to make 16 flights," Major Villalaz said. "That means something around 500,000 pounds (about 225,000 kilograms) of weapons that would be flying from Havana to Panama." He did not specify what types of weapons were shipped to Panama or the contents of possible future shipments.

Major Villalaz was General Noriega's pilot before leaving the country. He did not explain how he left Panama or what role, if any, Amer-

ican officials played in his travel to the United States.

The officer said he did not know why General Noriega wanted the arms or what he might do with them, but he suggested that the placement of weapons outside military installations, near Panama's border with Costa Rica and in other provinces, indicated that they may be used for other than normal military operations.

Lieutenant General Colin L. Powell, President Ronald Reagan's national security adviser, appeared on the same program.

"I can only speculate with the major why General Noriega would want that quantity of Soviet arms washed away in parts of the countryside," General Powell said.

"Perhaps he is thinking of some sort of insurgency after he is removed from power or perhaps they are intended for other parts of Central America."

"The troublesome part," the general continued, "is that once again we see the infusion of Soviet and Cuban arms in a destabilizing way in the isthmus of Central America."

FRANKFURT: 5th APRIL, THE CANADIANS ARE COMING.

On 5th April, 1988, Frankfurt becomes a Canadian City. On that date Frankfurt joins Amsterdam, Rome and Milan as a European gateway served by Canada's most successful new airline - Canadian Airlines International.

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Herald Tribune

Gorbachev's Peace Eraser

Mikhail Gorbachev has launched another disarmament proposal. He must be up to several dozen in his three-year tenure, but who's counting? In his latest, made last week in Yugoslavia, he proposes to freeze the number of Soviet and U.S. warships in the Mediterranean and then to withdraw the fleets altogether. What could be fairer? Well, extending the naval-free zone to the Black Sea might even things out a little.

Does the Soviet leader truly want to spend a chunk of time for the next several years negotiating this questionable boon to peace?

Mr. Gorbachev also assailed leaders of the North Atlantic Treaty Organization for wishing to retain and modernize their nuclear weapons. He dismisses Western fears of the Soviet preponderance in conventional weapons in Europe. That "enemy image," he assured the Yugoslavs, "is now being erased by the peace initiatives of the Soviet Union."

Mr. Gorbachev must erase with more care to prevent the lines of his gamesmanship from showing through. He proposes an innocent-looking peace line, leaving it for Euro-

The Missiles Proliferate

Saudi Arabia's decision to buy Chinese missiles is another long step in a dangerous arms race. These missiles are formidable weapons. Their range is understood to be at least 1,000 miles (1,600 kilometers)—which would cover all of the Middle East—and it might be as much as twice that. The missiles are described as capable of carrying nuclear warheads. As long as they are in the hands of the present Saudi government, that is not the chief ground for concern. Saudi Arabia does not seem interested in acquiring nuclear weapons. But this incident is another demonstration of the growing arms trade in the Third World, and of the increasingly powerful and sophisticated weapons being manufactured and sold by countries not generally described as industrialized.

It is getting harder to work out an effective worldwide arms control regime. Among the advanced industrial countries, there is good cooperation in cutting off arms sales to Iran. But a growing number of countries in Latin America, Asia and the Middle East now have flourishing industries producing arms for export. The Saudis have for some time been buying tanks, for example, from Brazil. As for the Chinese, they are providing more to Iran than the much-advertised Silkroad missiles. They have become Iran's chief supplier of arms

They Were Reagan's Men

President Reagan is not accused of any crime in the indictment of Rear Admiral John Pindexter, Lieutenant Colonel Oliver North and two weapons traders involved in the Iran-contra conspiracy. The very fact of the indictment accuses him of something more serious.

Whatever now happens, history will record that a president of the United States presided over, agreed to, even praised an arrogant enterprise that perverted national policy and corrupted democracy. The defendants are the president's men. He has never repudiated their actions or called them anything but heroes. Even now, he condones their conduct and makes light of the prosecution of them.

The indictment charges that Admiral Pindexter and Colonel North deceitfully deprived the United States of millions in unlawfully diverted funds and, worse, deprived it of lawful operations governed by the hard-won laws and rules designed to keep covert projects under control.

These are not partisan charges. Lawrence Walsh, the special prosecutor, is an old lion of the bench, bar and Republican Party. Working independently of the congressional committees that aired the scandals last summer, he goes beyond the committee findings of political folly and betrayal of public trust.

He charges that the whole plot to divert proceeds from Iran arms sales to the contra in Nicaragua was profoundly criminal. The indictment does not challenge the administration's right to argue with Con-

Other Comment

Hot Days in Honduras

The White House tried hard to persuade the world that Honduras had been invaded, but convinced nobody. The danger to the administration's interests was not aggression against Honduras, but the threat that the Sandinistas would manage to destroy contra supplies before they could be stopped. The contra comes to this week's cease-fire talks demonstrably weaker. The question now is whether Managua can lower the temperature sufficiently to convince the U.S. Congress that the peace process has a future and that the political concessions already made in Managua would survive without the permanent threat of war.

— *The Independent (London)*.

Irland Is Part of Europe

The pictures from Belfast are unbearable. We have to tell ourselves that this is not Lebanon or some other distant scene of conflict: Northern Ireland and the Irish Republic are part of the European Community. In Belfast, the crudest forms of intimidation are a constant. Almost every day fam-

The Right Mix: Contra Aid, Economic Action

By Bill Bradley

The writer is a Democratic senator from New Jersey.

WASHINGTON — Last month, the U.S. House of Representatives voted against humanitarian assistance for the Nicaraguan resistance. The vote shows how deeply the issue of contra aid divides Congress. The political center erodes under attack from those who want no U.S. involvement in Central America and from others who want a contra military victory now.

Why has contra aid been so controversial? Most Americans agree that the United States has important security interests in Central America. No one wants another Cuba in the region. Americans prefer democracy to communism, especially when the communism is underwritten by the Soviet Union. We share the Central American people's hopes for a better life. And we recognize that renewed Sandinist adventurism in the region would undermine the chance for peace and growth among Nicaragua's newly democratic neighbors. Yet the United States has not found a way to achieve these aspirations.

I blame Ronald Reagan. There is a difference between speeches that rail at Communism and a policy that effectively counters them. Speeches are easy; policy takes effort and care. Yet, after seven years, people still don't know whether Mr. Reagan wants to overthrow the Sandinists or get them to negotiate. Not knowing the ends, Congress understandably has resisted authorizing the means.

Mr. Reagan has systematically spurned the bipartisanship suggested by the Kissinger commission five years ago. He has embraced the ideological rhetoric of an anti-communist crusade. He has shown no flexibility in policy or tactics. Most damaging, he has refused to broaden his approach to deal with the region's basic problem: abject poverty.

If Mr. Reagan really cared about a policy for peace and democracy in Central America, he would not have tampered the program by using military trainers from Argentina; and after his re-election he would have used his popularity to win support for his vision, not to betray the people's trust with secret schemes to "privatize" the program.

By turning the policy over to privateers, Mr. Reagan has come close to selling out the cause. We are now at the 11th hour. Negotiations falter. Prospects fade for a cease-fire. Sandinist gangs break up trade union meetings with iron bars and guns while the police look on. U.S. soldiers are rushed to Honduras. We are losing the opportunity to negotiate a satisfactory end to the conflict.

The Kissinger accord offers a framework for peace and democracy. But the United States will not get the peace process back on track by abandoning the contra—particularly when they are on the verge of becoming an effective force for political pluralism within Nicaragua. After all, the guiding principle of the Kissinger accord was simultaneity: Soviet and Cuban aid to insurgents is supposed to stop at the same time as U.S. aid.

The injunction against using a neighbor's territory to attack other states applies to the use of Nicaragua and Honduras by the Salvadoran guerrillas as well as to the use of Honduras by the contra. The commitments on amnesty, freedom of expression and democratic political participation take force simultaneously in all Central American countries. To end contra aid first and then, after a reasonable time, to get to cessation of Soviet and Cuban aid to Salvadoran guerrillas and no progress on amnesty or democratization in Nicaragua mocks the accord.

At the same time, America must demonstrate that

its policy is not sanitized glibness, but rather is built on mutual respect, cultural understanding, a common commitment to democracy and economic action to help fledgling democracies.

If Congress is serious about a bipartisan plan for peace and democracy in the region, it will combine immediate economic assistance with new initiatives that promote a cease-fire and political dialogue to settle disputes inside Nicaragua and in the region.

Here is how the plan would work:

- First, Congress should inject immediate economic aid into the region through debt and interest relief and by lowering U.S. barriers to Central American sugar exports. Nicaragua would become eligible for this aid as soon as the Sandinists implemented the political reforms negotiated

the region's economic stress. Security aid without economic aid condemns Central American democracies to continued conflict without hope of combating the poverty in which revolution breeds.

- Second, Congress should suggest a framework for negotiations with incentives for both the contra and the Sandinists to agree on a cease-fire and to make the political changes a national reconciliation requires. This would be done by resuming the contra's "humanitarian" assistance (food, clothing and so on) for the next 12 months.

Prior to a cease-fire, supplies would be delivered by existing U.S. government channels and after a cease-fire by arrangements worked out between the contra and the Sandinists. Authorizing a year's worth of humanitarian aid would allow the resistance to stay in the field pending a cease-fire and during negotiations on political reforms.

At the same time, the United States would offer maximum encouragement for both parties to nego-

A Profile Of an Aloof Generation

By Haynes Johnson

WASHINGTON — Americans awoke Thursday morning to learn that in the middle of the night the president had dispatched 3,200 U.S. combat troops to Honduras, where the contra are fighting Sandinist forces. The most significant reaction to that event was the virtual absence of public reaction. No outrage, no anger, no cries of alarm, not even any detectable cheers.

Sure, there were murmurs of concern on Capitol Hill as another contra policy debate began, but scattered, predictable protests, but if any emotional chords were struck in the country, they were not evident. Thus, this episode provides another sign of the Reagan times: If something does not touch you personally, forget it. Out of sight, out of mind; and remember, don't get involved.

These are the Teflon Years. They are the Don't Bother Me Years. Americans have been anesthetized. Corruption in Washington or on Wall Street? So what? They all do it. Arms sales to Iran, profits to the Contras, Offie North, John Pindexter & Co., disinformation campaigns, secret, undisclosed, official, revealed, betrayal of trust? Who cares? Another presidential campaign? Forget it. They're all dwarfs. And what difference does it make who is in the White House anyway? Nobody has the answers, so don't expect anything great. Worry about yourself first.

I do not really accept this passive portrait of Americans today, but it contains enough truth to raise troubling questions. National opinion on major issues is sufficiently fragmented to raise questions about what the country collectively believes and what it is willing to do about several obvious problems: Central America, economic competitiveness, the deficit.

Even more vexing is to try to understand why so many Americans remain aloof from public questions and why they refrain from public involvement.

Obviously, there are no simple answers, but fascinating new evidence exists about the attitudes of a large slice of the U.S. electorate. Rolling Stone magazine has published preliminary findings from a group portrait of the "baby boomers," those Americans between ages 18 and 44, the nation's largest bloc of voters.

As William Greider writes of this critical group, "They are the first generation to experience life, from infancy to adulthood, in the glowing presence of television. At least potentially, they are the generation that will set the tone of national experience for the next 20 years or so."

Mr. Greider's initial report, and others that will follow, are based on a poll begun two years ago by Peter D. Hart Research Associates. The object of the survey, commissioned by the magazine, was to provide the most extensive analysis to date of these Americans and to make it available in a watershed presidential election year.

Mr. Greider points to one finding as perhaps the most revealing: When asked which two persons in public life they had admired most in the past 20 years, the baby boomers "did not choose a great president or a titan of business and finance or a name celebrity from the world of sports or entertainment. They turned instead to the past, when the idealism of many of them was a powerful force at work in American society."

They chose Martin Luther King Jr. and Robert F. Kennedy. Two dead heroes. There are no new ones.

Another finding is more striking, and timely. This generation, according to the survey, is isolationist, has "retreated into itself." It has no desire for foreign adventures, certainly not war.

As Mr. Greider writes: "The gut question in anyone's world view is this: Under what circumstances would one be willing to serve in the armed forces and go to war? The answers are stunning: 40 percent of this generation, including 27 percent of the men, could not identify any circumstance under which they would go fight for the country. Only 33 percent of the men would willingly fight alongside our allies to defend Western Europe. Only 19 percent of the men would be willing to serve in a war to keep a Third World nation from falling to the communists. Only 22 percent would enlist to defend our sources of oil in the Persian Gulf."

There is much to be disturbed about in that finding, as well as some reason for cheer. It strongly suggests that this group of Americans, shaped by Vietnam and taught by events to hold a relatively cynical view of public leaders, will not accept passively a Rambo action to support a failed policy in the jungles of Central America.

— *The Washington Post*.

— HI... MAY I HELP YOU?



By PALOMO in La Jarama (Mexico City). C&W Syndicate.

with the resistance and the internal opposition.

- A 4 percent cut in the interest rate on U.S. government loans to Central America would save it almost \$65 million a year in debt service. Other creditor countries might then provide similar relief.
- Forty percent of Central America's commercial debt could be exchanged at a discount for new, low-interest securities issued by the Central American countries and guaranteed by the United States. This would reduce the region's debt service burden by \$305 million a year during the next several years and \$64 million per year for a longer period of time without adding to the U.S. budget deficit.
- Increasing the amount of Central American sugar allowed into the United States from the current 78,000 tons to 350,000 tons and then to the region's existing capacity of 600,000 tons would enable the countries to earn an extra \$145 million a year.
- Together, these programs would yield up to \$314 million a year to improve the region's living conditions at a cost of only \$65 million to Americans.

Contra aid cannot turn the tide toward democracy without a concurrent U.S. commitment to relieve

the progress on both cease-fire and political negotiations. The reviews would evaluate which side bears the blame should they fail and lead to adopting whatever measures are appropriate under the circumstances. These measures could include cutting off the contra's "humanitarian" aid or supplementing it if the situation warrants.

- Third, Congress, in the event of a cease-fire, should declare wholehearted U.S. support for early resumption of the Contadora negotiations on security and verification, which aim to limit the size of Central American armies.
- Finally, Congress should urge the administration, if there is a cease-fire, to take up the Sandinist offer to negotiate the removal of all foreign military advisers and a formal commitment to deny base rights to any foreign government.

Politicized, short-term measures do not work. Only a bipartisan plan for peace, security and economic growth in Central America will bring a brighter day. We had better face up to it now.

— *The Washington Post*.

Still Life of Toy Guns, Real Stones, and Frustration

By Richard Cohen

GAZA CITY — The captured arsenal was brought in for display at an army camp here. Exhibit one, black and in one piece, was marked "Uzi" after the famous Israeli weapon. Exhibit two, also black but broken into pieces, was marked "Lasar Ray Gun." Both were toys taken from the enemy, the rock-throwing children of Gaza. In the childish imagination of Palestinian kids, countless Israelis lie dead. Bang! Bang!

Mindless of the poignant absurdity of his cache, a battalion commander placed the toys on a platter of oranges and bananas. The platter rested in the middle of the table, a Middle East still life representing the frustrations of powerful Israel.

Israel could send planes to Baghdad to blow the Iraqi nuclear reactor to bits. Its troops defeated the Arab world in six days of furious warfare. Its commandos rescued hostages at Entebbe, Uganda. The U.S. military is infatuated with Israel, the Spartans of the Levant, the "can do" country, the Rambo nation for less Ollie North and competent subscribers to Soldier of Fortune magazine who ask, "Why can't we do it like the Israelis?"

Now Israel is fighting the Children's War. The enemy is an army of boys, fearless and fleet on sneaked

shoot the youth. "I was so upset. My feeling was that I was so ashamed of myself as a soldier."

Other officers spoke up. Some had similar stories. One even longed for duty in Lebanon. Another said, "I don't want to kill any of them. I don't want to use any fire."

The unit was almost a caricature of a militant Israeli Army — soldiers uniformed according to whim, two wearing earrings, some wearing thonged beach sandals. Only their weapons were standard.

The general listened patiently and later gently criticized the more senior officers. The unit had been slow to bring force to bear, to assert its authority. It had used its numbers poorly, throwing too few men against two more Palestinians. The soldiers were tired, frustrated. "Frustrated" — the translator said the word over and over again.

Outside, Gaza was quiet. As usual since the beginning of the disturbance, most stores were closed, everything but groceries and pharmacies. A general strike had been called but some people commuted to jobs in Israel. Occasionally, a knot of children in school uniforms was seen. It seemed that, on this day at least, the Israeli Army

finally controlled the major streets. Once Gaza was administered with 10 percent of the soldiers it now takes. Once the enemy was an occasional terrorist. Now it is the population itself, especially the kids. Stones are their chief weapon, but they know how to use television, too. A kid armed with a stone is a menace, but one shot because a panicky soldier cannot tell a toy gun from the real one is a public-relations and moral catastrophe. "You know better than me," General Orr said. "The camera is a weapon."

Brigadier General Yaacov Orr has a degree in Middle Eastern history. He joined the army in 1964. He has fought in every Israeli war since then, except Lebanon in 1982, when he was out of the country. Now he commands a strip of sand, a spit of densely packed refugee camps and a hovel of a city called Gaza, and he tells his officers how to fight boys.

At Gaza, the deeply blue sea clashes with the sandy white of high dunes. The effect is vivid, startling and, for Israel, so intimidating that the occupying never gauged the mood of the Palestinians or made plans to leave. Here, the toys of boys are solemnly displayed for the press. Here, Sampson had his eyes put out. Here, all Israel has gone blind.

— *The Washington Post*.

Reaching the Invisible Women of the Third World

By Idriss Jaziri

The writer is president of the International Fund for Agricultural Development.

ROME — Rural women are the invisible farmers of the Third World. In Africa, they produce, process and store almost 80 percent of the food that families consume. As increased numbers of men migrate to the cities for work, women are taking over family management and farming. Unfortunately, few development programs recognize the special role or needs of women as agricultural producers and managers. Nor does much development aid reach the poorest of these rural women.

Third World women are the mothers of 86 percent of the world's babies. In the 40 poorest countries, 22 percent of their children will die before they reach age 5, and the rest will have a life expectancy of 46 years.

Government, international and independent experts have pondered for years how best to reach the poorest of the poor. Direct handouts bring only temporary relief, and international and local distribution methods have been criticized for waste, inefficiency and sometimes corruption.

Recently, however, another form of assistance is being employed with remarkable success: credit. The traditional concept of credit as the exclusive privilege of a few fortunate people with collateral against which to borrow is gradually being superseded by the belief that poor people can improve their economic condition with access to credit. By organizing selected borrowers into closely knit, cohesive groups, experiential collateral is replacing land-based collateral. Borrowers realize their future well-being is tied to their initial success and their ability to repay the loan.

In the poorest countries, where

wage earners often work for two meals a day or are barely able to eke out an existence for themselves and their immediate family, credit opens the door to self-employment and entrepreneurial activities. Self-employment, supported by credit, can have far greater potential for improving the asset base of an individual than wage employment. Moreover, credit, as compared to handouts and welfare

ed that credit, combined with guaranteed access to resources such as education, training and marketing channels, allows women to increase their status, lessen dependency on their husbands and improve their homes and the nutritional standards of their families. When one considers that many of the more developed Third World countries are defaulting or continually rescheduling their debt repayment, credit for the poor really is a good investment.

— *International Herald Tribune*.

Ingenious programs of credit for the poor can lead to self-employment.

payments, is a more attractive and dignified solution to unemployment.

There are some risks involved, but properly managed credit programs have proved highly successful. And women have been the best clients. According to Mohammed Yunus, head of the Grameen Development Bank in Dhaka, Bangladesh, which provides credit for landless workers: "Poor women have the intense drive to move up; they are hard-working, concerned about human dignity, present and future, and willing to make personal sacrifices for the well-being of their children."

Credit creates employment for women immediately by allowing them to do whatever they do best and earn money for it without leaving homes and children. At the Grameen

100, 75 AND 50 YEARS AGO

1888: Bulgaria Prepares

VIENNA — According to advices from Sofia, military preparations are being actively continued in Bulgaria, particularly at the Black Sea ports of Varna and Bourgas, where a combined Russo-Russian blockade seems to be apprehended. Both ports are being placed in a better state of defense. It is stated that at a recent Cabinet Council held under the presidency of Prince Ferdinand, it was resolved to reply to any coercive measures on the part of either Turkey or Russia by proclaiming the complete independence of Bulgaria, with Prince Ferdinand as king.

1913: Liner Renovated

LONDON — Alterations to the White Star steamship Olympic are completed, and the vessel leaves Belfast (on March 23) for Southampton to resume her voyages to New York. Messrs. Harland and Wolff have altered the ship in conformity with sug-

1938: Mexican Oil Crisis

MEXICO CITY — As Mexican trade unions reinforced their control of the oil lands expropriated [on March 19] from 17 American and British firms, it was reported today [March 21] that several American oil men are being held for ransom at Tampico. The majority of these were said to be field inspectors. The oil companies filed an injunction today against the government's decree, on the ground that it is unconstitutional. Meanwhile, Mexican workers all over the country were busy taking over the oil fields. WASHINGTON — Secretary of State Cordell Hull stated that the government hoped an equitable solution would be soon forthcoming. He said he hoped to see the oil enterprises placed under "neutral" control.

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 International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
 Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.
 Directeur de la publication: Walter N. Thayer.
 Editor for Asia: Michael Richardson, 5 Conventry Rd., Singapore 0511. Tel: 472-7768. Te: R556923
 Managing Dir. Asia: Malcolm Glenn, 30 Gloucester Road, Hong Kong. Tel: 5-8610616. Telex: 61170
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 S.A. au capital de 1.200.000 F. RCS Nanterre B 73201126. Commission Paritaire No. 61337
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OPINION

Cleaning Out Sanctuaries, Then and Now

By William Safire

WASHINGTON — If you are out to win a war against guerrillas — and to crush an insurgency that is being helped from the outside — then it makes good military sense to "clean out the sanctuaries."

The peace process, in Ortega's strategy, has always been a farce.

induced the U.S. Congress, with the support of every one of the Democratic presidential candidates, into cutting off all military aid to the contras. As U.S. aid withered and the congressional commitment grew ever more pallid, the momentum of the war in Nicaragua turned around in the field. Americans are eager to settle; the Communist purpose is to win. If the world has learned anything in the period between Vietnam and Afghanistan, it is this: When one side is determined to win and the other side wants to settle, the side that is determined to win will win. Mr. Ortega's secret slogan is now out in the open: Give war a chance.

Panama's Manuel Antonio Noriega and the Palestine Liberation Organization. Let doddering doves and told-you-so hawks get to the nub of the matter: The Nicaraguan Communists lulled the U.S. Congress into a false sense of international security, and then launched a surprise military offensive. The incursion (the word was accurate in Cambodia in 1970, and it is accurate today) was hardly intended to speed reconciliation within Nicaragua or to calm Mr. Ortega's Central American neighbors. Rather, it was designed to destroy supplies, kill opponents and break the back of the contras before negotiations with them began, all of which goals were well worth letting good faith and world opinion go hang. What now? Agree with Mr. Ortega to cut the pretense. No more of this hand-to-mouth "humanitarian aid" hypocrisy, which lets doves say they never approved anything "lethal" but which forces contra leaders to waste money trading blankets for bullets. Give the anti-Communist forces of Nicaragua the weapons they need to win their fight. It is a U.S. fight, too. As Dictator Ortega has just shown again, if the contras cannot stop him, it will be up to the 82d Airborne.



Tokyo Image, U.S. Reality

By Kazuko Ibuki

TOKYO — About a year ago, I was in Traverse City, Michigan, a small city in the middle of the cherry-growing district near Lake Michigan. An old friend had invited me to attend a granddaughter's wedding and give a talk on Japanese literature for a senior citizen group at the local community college. My friend taught East Asian history at Michigan State University for many years and is now retired. I have known the family for three decades. The plan was to gather at his son's house in Wisconsin, then go to Lansing,

MEANWHILE

Michigan, for the wedding. I was afraid that a visit just before the wedding, when everything is so hectic, would be an imposition, but the household took it in stride. And the reunion enabled the family to show its affection for the granddaughter on the eve of her new life. My first taste of life in America was in early 1984, when I visited this same family. The vastness of the continent was overwhelming: four time zones between the east and west coasts! The weather and scenery vary enormously between the Great Plains and the Gulf of Mexico. Although I have had only a glimpse of the Midwest, the American way of life left a profound impression. It is nothing like the sensational image of drugs, divorce and violence presented by the Japanese media. Unlike Tokyoites or New Yorkers, these Americans have blended into their beautiful surroundings and they lead peaceful lives. They are attuned to the rhythm of the changing seasons, the daily pace of existence. After seeing a part of America firsthand, I could not help wondering why in Japan we get such a distorted picture. Who is to blame for these fanciful stories about U.S. society, so far removed from the ordinary way people live? My Americans sit around the fireplace, enjoy talking to each other and appreciate good music. At meals, they give thanks for food that, though ample, is certainly not lavish. The closely knit family, a thing of the past in Japan, is alive and thriving in the United States. How many Japanese households enjoy this kind of wholesome domesticity? The wedding I attended in Wisconsin had the simple dignity such ceremonies should epitomize. And the senior citizens in Traverse City listened attentively to my lecture at the community college despite the unfamiliar topic. These people all had televisions and radios at home, so it was not a lack of entertainment that brought them out on a cold night. They were friendly and curious, and they wanted to hear a Japanese talk about her culture. This comment was translated from the daily Tokyo Shinbun by The Asia Foundation's Translation Service Center.

LETTERS TO THE EDITOR

An Impossible Choice for Jews, and Hopes for a Solution

The dimension of the crisis caused by the Palestinian riots goes beyond the question of whether Israel is responding correctly. One essential factor is the reaction by governments and in the world press, where there is an outburst of anti-Israel sentiment that has at times become overtly anti-Jewish. This cannot help but harden attitudes on the Israeli side and make a solution more difficult. Jews are being asked to make an impossible choice: Reject Israel and its policies, and thereby justify the right to political expression, or support Israel (or simply fail to speak out) and assume responsibility not only for Israel's policies but for every act of every soldier who uses excessive force. Edgar Bronfman, president of the World Jewish Congress, is told that because of Israeli beatings of Palestinians he is discredited from commenting on Kurt Waldheim. Jean Daniel, editor of the respected French journal Le Nouvel Observateur, has publicly challenged the Nobel Peace Prize winner Elie

Wiesel to speak out against Israel or lose his credibility as a spokesman for peace. Israelis have been accused of adopting the mentality of Nazis, even to the point of having learned their tactics from the SS (though their soldiers were not born until well after World War II). Other examples of severe government action against rioting have not incited this kind of absurd reaction. It is at once foolish and terribly cruel that Jews are singled out for this kind of abuse. It is clear that the plight of the Palestinians is tragic — which was the goal of Israel's neighbors in refusing to accept this people in any other status than as refugees. It is also clear that the use of force to restore order in the face of uprisings is one of the foremost tasks citizens ask their governments to perform. No one has come forth with a serious suggestion for solving the present problem other than the creation of an autonomous state. This idea, however, is opposed by the moderate Arab states, because of fear of Islamic fundamentalism and the creation of a radical neighbor state. Furthermore, the status quo serves the interest of the Arab states, despite their avowed support of the Palestinians, precisely because the blame for the current situation is being squarely placed not only on Israel but on Jews throughout the world. For more than two millennia Jews were deprived of property and nationhood for significant periods and, particularly during this century, of life itself.

We are again witnessing attempts to deprive Jews of their rights to express themselves, as Jews, politically. A Catholic friend, and sympathizer with the Palestinians, commented after a long discussion that for any reasonable man devoid of hatred and prejudice, the present situation, however horrible, accomplished something positive. One finally is forced to realize that the Jew, the Israeli, is neither some kind of legendary superman (intellectual, spiritual) or physically nor a stooped evil subhuman. His actions, in the face of great difficulty, are no better and no worse than what can be expected of men everywhere.

Why is the reaction of the Western world toward the unarmed uprising of the Palestinians against the Israelis different from that toward the unarmed Hungarians who rose up against the Russians in 1956? While media coverage in Arab countries on the Palestinian resistance is practically nonexistent, the European media are giving the events proper coverage. I would like to pay my respects to the European media for their contributions to a humanitarian cause, hoping world consciousness and public opinion will support efforts to resolve this painful problem.

MARK L. COHEN, Paris.

MUSTAAYEEN A. KHAN, Saïf, Algeria.

PAMELA SEHRWALD, Athens.

It seems as though every day another solution to the Israeli-Palestinian problem can be found on your editorial pages. No one seems to have thought of the obvious answer: Israel should be banded exactly as South Africa is being handled. Examples of pressure the United States could place on the Israelis: 1) cut economic aid; 2) cut military aid; 3) cut air links; 4) boycott Israeli goods and close American businesses in Israel; and 5) place sanctions on any nation selling bulldozers to Israel.

Why the Bank Is AAA Regarding "The World Bank Reaps Trouble" (Opinion, March 2): The answer to Nicholas N. Eberstadt's question about why the World Bank still enjoys an AAA credit rating is not really that it has never suffered a default on a loan. The bank's credits are fully covered by its capital on a ratio of 1-to-1, while all other commercial banking institutions are leveraged on ratios ranging from 25-to-1 to 13-to-1. This absence of leverage explains why the World Bank deserves the highest credit rating available.

Weakening U.S. Image Anthony Lewis, in "Reagan's Fondness for Fantasy: It Matters" (Opinion, March 4), quotes President Reagan, mostly out of context, for still another cheap shot, weakening the U.S. image overseas in impressionable areas where Mr. Lewis has eager help from America haters. His slander contributes nothing positive, except maybe for aspiring Democrat politicians. We all know the president's personality and his occasional effect on his off-the-cuff, often baited answers to interviewers. Most of us put him where he is. I don't remember talent for diplomacy being a platform requisite.

I'd like to point to some very impressive positives that Americans, including Mr. Lewis, now enjoy: high employment, low inflation, no involvement in "serious" wars, acceptable GNP and an open avenue to a productive thaw in U.S.-Soviet stalemates — and all achieved despite a hostile Congress. For comparison, think back to the close of the Carter years.

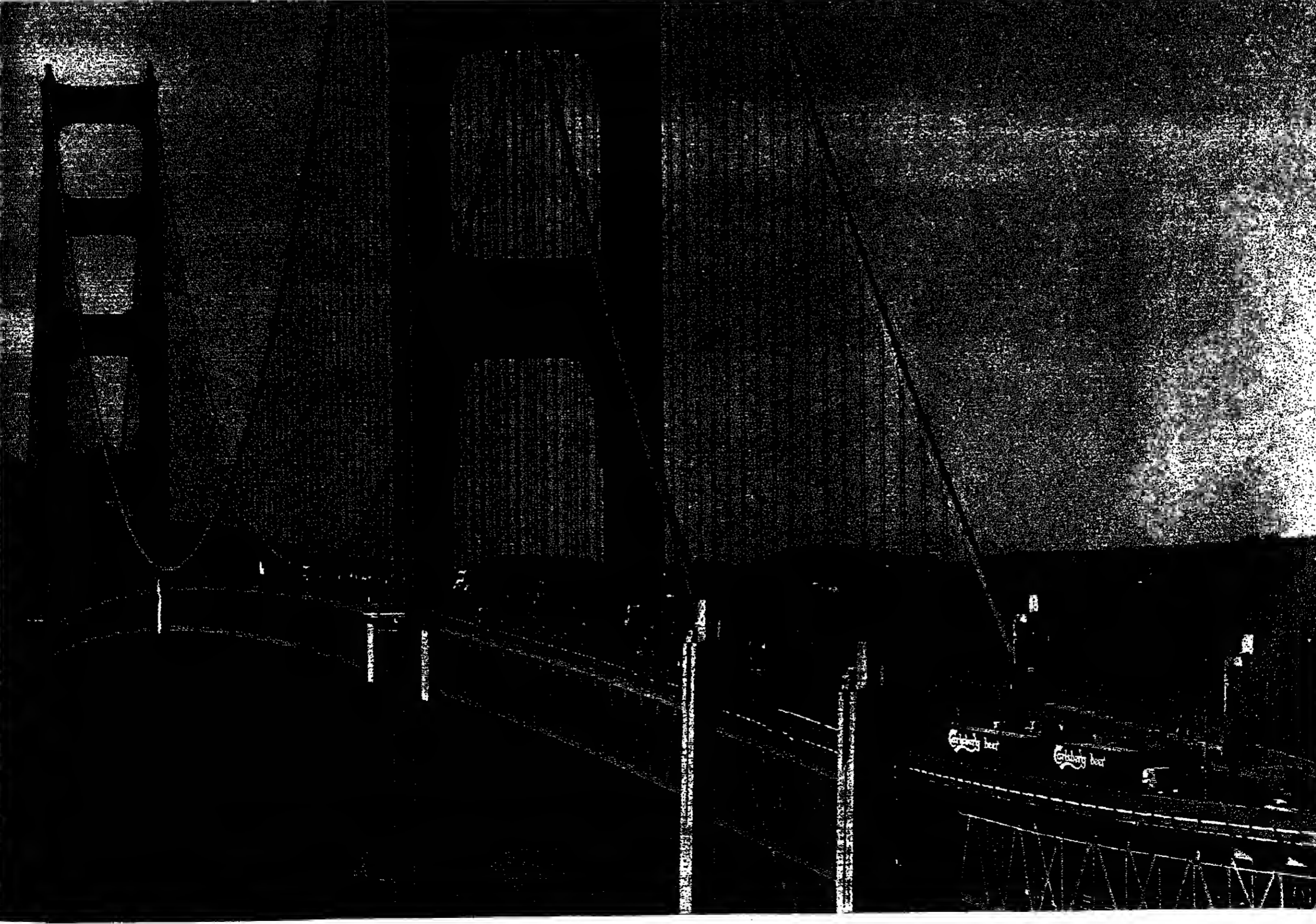
U.E. GALANOS, Athens.

PIERRE HAAS, Paris.

ROBERT F. MUELLER, Montreux, Switzerland.

Correction

A New York Times editorial ("Mourning Lost Hopes," IHT, March 18) said incorrectly that there were no criminal prosecutions of Ulster policemen who killed six suspects in 1982. Four constables were tried and acquitted. On Jan. 25, Britain ruled out further prosecutions despite evidence of a conspiracy to obstruct justice.



Probably the best view in the world

Zhao Starts to Spell Out Policies by Advocating Town-Hall Democracy

By Edward A. Gargan
New York Times Service

BEIJING — Zhao Ziyang, in his first major elaboration on China's political future since his formal appointment as Communist Party secretary-general in November, has called for the development of a type of town-hall democracy throughout the country.

In the first such statement by a party leader, Mr. Zhao, 68, urged that Chinese be able to comment on significant national issues as a form of "checks and balances" on the party and the government.

Mr. Zhao made his remarks, reported Sunday by the official Xinhua news agency, during a five-day meeting of the Central Committee that ended Saturday.

Mr. Zhao, in his address to the Central Committee, urged that local leaders begin the process of "consultation and dialogue" with local citizens over matters that concern their daily lives. If such a policy were permanently instituted, it would be the first time that ordinary Chinese have been given a say in the running of the government.

The party leader also defended his plan to step up the economic development of the eastern coastal provinces even if it meant that the country's vast interior lagged behind. Diplomats say that his proposal has stirred opposition within

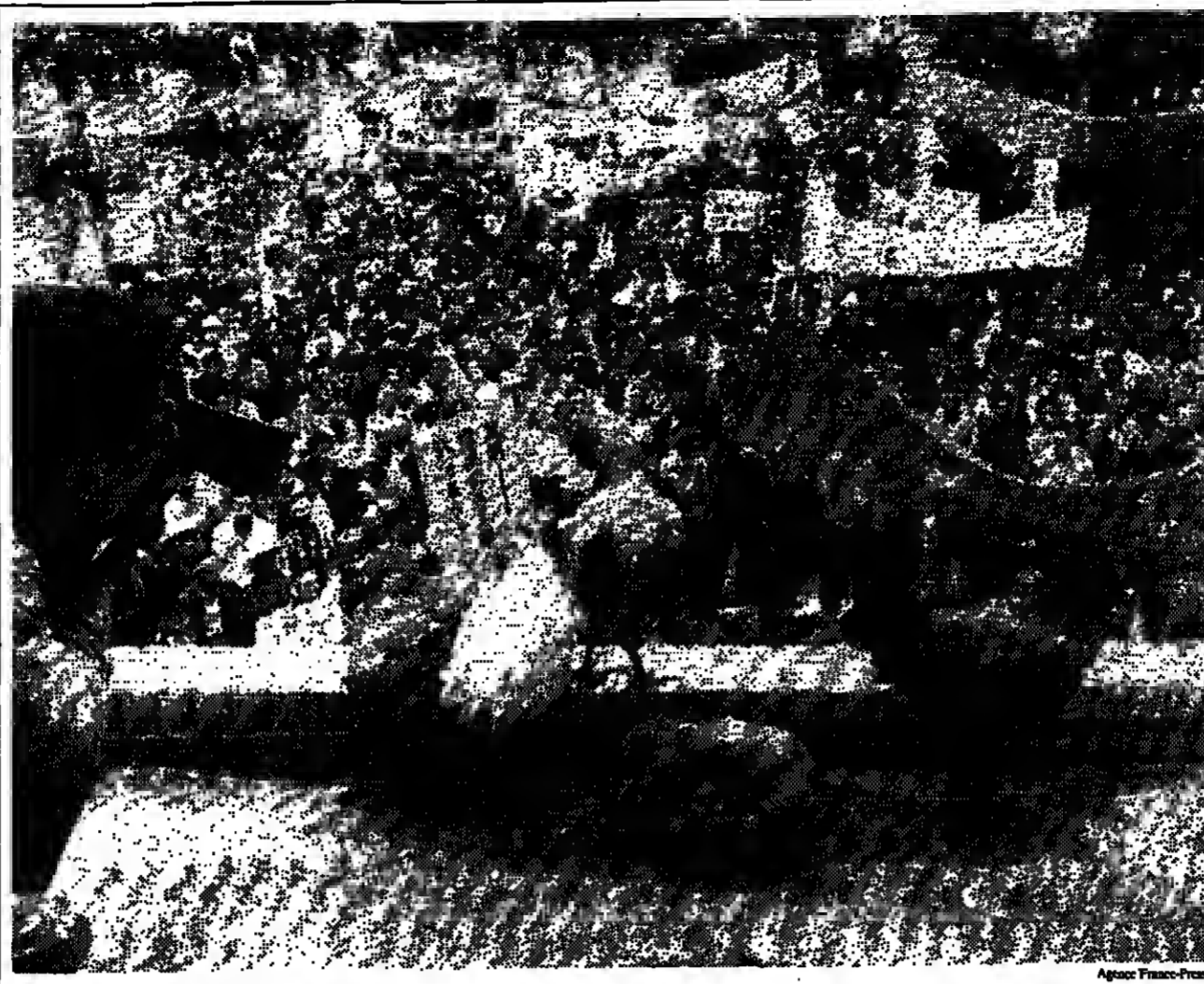
the leadership and created strains in the policy-making apparatus.

His address came one week before the opening of the annual session of China's nominal legislature, the National People's Congress. The congress will ratify laws designed to continue the restructuring of the economy, including a measure that would grant the managers of state enterprises much more autonomy and power.

Mr. Zhao noted that in reordering China's economy, conflicts between "different interest groups" were certain to occur. "Therefore," he said, "at present and for a considerable time to come consultations and dialogues should be held to insure the smooth implementation of the various measures taken in reforms, to mitigate social contradictions and consolidate social stability and unity."

"In the future," he said, "draft laws involving major reforms, as well as plans for major reforms such as the price readjustment and the labor and wage reform, should solicit the opinions of the people from all walks of life before and after they are being decided upon."

Until now, the party and government have largely ignored popular opinion in setting out national policy. This practice has eroded somewhat in the past year, with the proliferation of public opinion polls.



FOWL PLAY — In Taipei, outraged poultry raisers tried to flood the U.S. representation offices with live chickens and pelted the building with eggs on Monday to protest a Taiwan decision to lift import restrictions May 1 on turkeys from the United States.

Hanoi Strikes New Note In Black Market Battle

Public Quickly Knocks Down Value As Yet Another Set of Bills Is Issued

By Barbara Crossette
New York Times Service

BANGKOK — The Vietnamese government, warning that a strong black-market economy has the potential to sabotage the policies of the new Communist leadership, has issued a new series of currency notes.

The immediate public response appears to have been what the government feared most: a de facto 30-percent devaluation of the dong, Vietnam's unit of currency.

A Western businessman who has just returned from Ho Chi Minh City, formerly Saigon, said that the dollar, worth between 1,000 and 1,100 dong several weeks ago, was now being traded unofficially for 1,500 to 1,600 dong. The official exchange rate remains 80 dong to the dollar, which is the most sought-after currency in Vietnam. There is also an intermediate flexible exchange rate that is applied to tourists and trading partners.

The use of barter in international and local transactions is growing rapidly, according to the businessman and others who have recently visited Vietnam. Hanoi, which is seeking foreign investment and trade, is very short of hard currency.

Since its invasion of Cambodia in 1978, Vietnam has been cut off from almost all international assistance and trade, except for what it receives from the Soviet bloc. But

private citizens receive cash goods from relatives in the West supplementing the income they have derived from the expansion in free enterprise allowed under new economic policies.

The "informal," or private-sector, economy is apparently growing so rapidly in financial power that newspaper articles in the Communist Party press have warned that the government might lose control of the national economy.

Over the last three years, Hanoi has officially devalued its currency and issued new bank notes seven times in an attempt to curb the informal sector.

The latest government move took effect on March 4, according to reports broadcast over the official Hanoi radio and published in the official press. New currency notes of 1,000, 2,000 and 5,000 dong have been issued. Before, the highest denomination was 500.

In an admission that runaway inflation, now at more than 200 percent annually, had become a fixture of economic life, Hanoi announced that the currency was being issued because "prices have undergone a lot of changes" and because notes issued as late as 1985 were "no longer suitable" for business.

The announcement, describing the decision as a normal monetary adjustment, warned: "Everyone must tighten his vigilance against the enemy and evil elements."

U.S. Scores Major Advance in Secret Test of Nuclear Fusion

By William J. Broad
New York Times Service

NEW YORK — In top-secret experiments, U.S. researchers have achieved one of the most costly and elusive scientific goals: the ignition of a nuclear fusion reaction in tiny pellets of hydrogen, producing powerful bursts of energy.

The success was achieved in unconventional experiments about two years ago at the government's underground nuclear test site in the Nevada desert, according to government scientists and officials who asked not to be named.

The results have triggered a dispute over how the field of small-scale fusion should progress.

For decades, hundreds of U.S. scientists have sought, at a cost of more than \$2 billion, to tame nuclear fusion. Advocates say the technique, if perfected, could be used by the 1990s to study nuclear physics, to develop anti-missile weapons and, perhaps in the next century, to generate cheap, almost limitless electrical power.

Although the ignition was achieved with a method that has no practical use, it is viewed as a crucial advance that will help determine the feasibility of harnessing small-scale fusion.

It was attained in a departure from the main U.S. strategy, which has attempted, without success, to use beams of concentrated light from giant laboratory lasers to ignite the reaction.

Instead, fusion in tiny fuel pellets was triggered by a blast of radiation from an exploding nuclear weapon. Such secret experiments, which are believed to have never before been publicly disclosed, were conceived more than a decade ago as a way to assess the feasibility of the field, which is known as microfusion.

Some prototype fuel pellets, glass capsules filled with hydrogen isotopes, are so small that a dozen can easily fit on the head of a pin. Their power output could be equivalent to up to hundreds of pounds of high explosive.

In the fusion reaction, atoms are joined together to release the kind

of energy that powers the stars and hydrogen bombs. In nuclear fission, by contrast, heavy atoms such as uranium are split apart to power atom bombs and nuclear reactors.

The main question in microfusion is its practicality.

To the surprise of experts, the secret achievement in the Nevada desert required more energy than expected, triggering a dispute among federal scientists and government officials over how to advance the \$160 million-a-year field. Disclosure of the result is also likely to encourage critics outside the government who assert that microfusion will never be practical.

Some scientists now assert that the laser-based microfusion program needs a radical change of course in order to ensure success.

Other scientists disagree, saying the nuclear test was an unconventional but vital milestone that has demonstrated microfusion's feasibility and generated valuable data that will help make it practical.

The microfusion advance has no

relevance to another type of fusion research in which hydrogen fuel is trapped in large magnetic fields and heated to high temperatures. In the United States, this magnetic approach is being pioneered at Princeton University. It has not achieved ignition.

Despite the dispute over how to proceed on microfusion, the success of the experiment has generally elated scientists who know of it.

In a tantalizing, little-noticed statement in September, Sheldon Kahalas, director of the microfusion effort, run by the U.S. Department of Energy, said at a Princeton University conference that a top-secret effort code named Centurion-Hallie had achieved results that marked a "historical turning point" for the fusion program. He refused to elaborate and he did not mention the role of underground nuclear tests.

However, he and other scientists at the Princeton conference said the United States was ready to start planning a full-scale laboratory mi-

crofusion facility. They estimated the facility would cost from \$500 million to \$1 billion.

"There's a new sense of excitement," William J. Hogan, a microfusion official at the Lawrence Livermore National Laboratory in California, said. "In the last two years, we've gotten almost all the data we wanted. That's remarkable. We kind of startled ourselves."

For decades, one of the fondest hopes of science has been constructive control of the energy of nuclear fusion, to create tiny, man-made suns. These miniature fireballs could be anywhere from hundreds of thousands to millions of times smaller than hydrogen bombs, making them tame enough for use in laboratories and reactors.

From modest beginnings in the early 1960s, the microfusion idea has grown into a sizable federal program centered at the government's main laboratories for the design of nuclear weapons; the Livermore laboratory in California

and the Los Alamos National Laboratory in New Mexico.

The main approach to microfusion has been to try to ignite fuel pellets with powerful lasers.

To reach ignition, a tiny glass sphere filled with deuterium and tritium, isotopes of hydrogen, must be compressed to very high densities and heated to almost 100 million degrees Fahrenheit (about 180 million degrees Celsius), several times the temperature at the center of the sun. So stressed, it would undergo rapid thermonuclear reactions, fusing hydrogen into helium and giving off bursts of energy.

To lessen the difficulty of focusing multiple laser beams on a minuscule target, weapons scientists surround the fuel pellet with a metal case that converts coherent laser light into X-rays, which compress the target with great uniformity.

Despite considerable effort, no ignition has been achieved with these methods. The main problem has been lack of sufficient laser energy.

New Energy and Foreign Ministers Named in Major Jakarta Reshuffle

By Barbara Crossette
New York Times Service

JAKARTA — President Suharto announced sweeping cabinet changes Monday, removing Energy Minister Subroto, a former president of the Organization of Petroleum Exporting Countries.

The reshuffle also brought new defense, foreign and interior ministers. Mr. Subroto and Foreign Minister Mochtar Kusumaatmadja had both been in their jobs for 10 years.

President Suharto, who was re-elected March 12 for a fifth five-year term, said he was bringing in 19 new ministers in the cabinet of 38.

He named the former armed forces commander and intelligence chief, General Benny Murdani, as defense minister, calming speculation of a rift with the military.

The new foreign minister is an editor turned diplomat, Ali Alatas, who was Indonesia's representative to the United Nations.

Replacing Mr. Subroto is the former investment chief, Giannand Kartasasmita, who is regarded by businessmen as a tough negotiator. In a televised announcement, Mr. Suharto said his objective was to maintain continuity while bringing younger men into top positions. "Continuity of development should be given priority by this new cabinet," he declared.

The new government will be trying to manage its rising overseas debts, which have now reached \$45 billion, while tackling demands for greater political freedom.

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ARTS / LEISURE

Lacroix, Lagerfeld Lead Shows

By Bernadine Morris
New York Times Service

PARIS—Christian Lacroix and Karl Lagerfeld have clearly emerged as the strong men of the new fashion season as the fall and winter openings go hurtling along. Each is responsible for two of the 52 scheduled showings, most taking place in tents in the courtyard of the Louvre Museum. They are on opposite sides of the fashion spectrum.

The Lacroix mood, pegged to short skirts, continues to be rollick-

PARIS FASHION

ing and frivolous. Lagerfeld, who has contributed to the vogue for playful fashions in the recent past, has changed his approach. Spearheading the drive toward long, slender clothes, he says he finds the earlier fluffier styles "vulgar."

In his first collection under his own name for Stillmann, a West German manufacturer, he makes a strong case for sophisticated grown-up clothes. Skinny calf-length black knitted skirts for day are chic under wide capes, sometimes lined with fur. A smaller wrap is a knitted stole made with one sleeve; the other end is wrapped around the body.

The long, slender styles can be as seductive in their way as short skirts are in theirs. As they cling to the body, the slender skirts demand a great figure. So the designer wisely offers alternatives: wide-legged trousers and long pleated skirts.

Fitted quilted jackets worn over black tights and thin, sheer blouses are other attractive ideas. But his greatest accomplishments are filmy svelte black lace dresses that stop just below the calf.

The designer applied the same quiet touch to his collection for Chanel, shown Monday morning. It was the best Chanel collection since Coco Chanel died in 1971.



Lacroix's "Luxe" frivolity and Lagerfeld's long wrap for Chanel.

You could tell it was Chanel from the gold buttons and the chain belts, but the slim, supple silhouettes were Lagerfeld's own contribution. He has, after five years, imposed his stamp on the house.

The clothes were subtle as well as sophisticated. There were absolutely no gimmicks. Lagerfeld had indeed banished ruffles and poufs. Instead, there were calf-length skirts, wide-legged pants and evening dresses that a lawyer could wear when entertaining her clients.

Ivory sweater-jackets over tailored pleated shirtwaist dresses were one of his best evening suggestions.

Proving that coexistence is as possible in French fashion as it is in

French government, the fluff Lacroix "Luxe" is being ordered by stores even before its official debut Tuesday morning. Eight hundred styles were bought Saturday, the first day the clothes were available.

Mainly for evening, the collection focuses on fitted suits with front zipper closings, coats and dresses with snug waistlines and short flaring skirts. Fur sleeves and jeweled belt buckles add to the luxury look.

Two of the wilder French designers have profited from the emergence of a sober side to fashion.

With all the talk of hemlines, few observers are paying much attention to the softening of the shoulders, which is making a big change

in fall fashions. Claude Montana, who introduced mammoth shoulders a decade ago, is profiting from their deflation. His clothes now have a more human look.

He still acts like a sculptor in cloth or leather. This time his best jacket is shaped gently at the waist and flares out to an undulating peplum, wired at the edges to hold its ripples. Wide circles of fabric or fur cover the neck and part of the shoulders. They are a cross between collars and capelets and look almost cozy.

Hemlines? Forget about calf length. Montana's hemlines hover around the ankles. But there are not that many of them. The bulk of the collection involves pants, some high-waisted. Red with wine or plum were the most original colors for jackets and pants. Black pants and soft blue-gray silk blouses was another appealing combination. Evening clothes focused on black pantsuits, with satin details, like men's dinner clothes. A long jacket had one satin lapel that curved around itself in a spiral effect. The entire collection showed Montana in top form.

Jean-Paul Gaultier's shows at La Villette, on the outskirts of Paris, are generally planned to shock the establishment and send up fashion. Not this time. A straightforward presentation showed off the clothes, which were fine.

Jersey jumpsuits, capelets that just covered the shoulders, trousers with pleats on the inside of the legs and looser jackets, including parkas, were among the Gaultier fashion messages.

Issey Miyake's clothes do not have the lyricism of some seasons, but they are sturdy, wearable and inventive. Three-tiered dresses, capelet jackets with wide-legged pants and knitted cashmere sweaters and coats, all in luminous beige tones, are some of his best contributions to the current season.



Coveri evening ensemble.

Coveri Fêtes 10 Years of Collections

International Herald Tribune

PARIS—Enrico Coveri celebrated the 10th anniversary of his ready-to-wear company in grand style Sunday morning, with a lively show that ended with a huge cake wheeled out the runway.

The 36-year-old Italian designer, who also does menswear, children's clothes and perfume, shows only in Paris, where he won the city's Médaille de Vermeil in 1987 for his contributions to French fashion.

His collection Sunday, attended by Pierre Cardin, Princess Ghislaine de Polignac, Marisa Berenson and Countess Maria Marzotto, among many others, played with military themes—grand parade clothes, not combat wear—and other male looks redone for women. It was colorful, emphasizing short capes, huge gold buttons and tight trousers. Greatcoats flared out at the bottom.

The evening wear was something else entirely, with lots of décolleté on short and long dresses with wide skirts and tulle petticoats. The colors were brilliant and sunny.

Coveri came out at the end of the showing, with his giant cake, and surrounded by his models. Part of the audience jumped onto the runway to celebrate with him, and he was soon seen, beaming, with several red lipstick marks on his cheek.

'White Zulu' Johnny Clegg: What South Africa Could Be

I'm drinking my beer
In a state of fear.
Is there no salvation?

— Johnny Clegg

By Mike Zwerin
International Herald Tribune

THEY call him the "white Zulu." He lives in Johannesburg, his band is multiracial, he sings in Zulu and English and performs Zulu dances, and though some of his songs protest social conditions (one is named "Mandela"), Johnny Clegg comes and goes as he pleases.

Whatever happened to apartheid? "Apartheid is a living breathing animal," Clegg explains, "and like any animal it needs time to sleep and to take care of its organic functions. When you grow up in that system you know its habits and where to find the chinks in its armor."

For more than 10 years, Clegg has been one of the biggest pop stars in South Africa. He has had seven gold records there. His album "Third World Child" sold 100,000 copies in France (the has French management) after a triumphal 1986 tour that included opening for David Bowie in Paris. He has toured the United States four times and is about to start a three-month tour of Western Europe.

When his mother—a singer—divorced his British father, she took him from Britain back to her native Zimbabwe where she married a South African journalist who was fascinated by African culture. Young Clegg spoke Ndebele before English. The family moved to Johannesburg for two years and then Zambia, where Johnny attended a multiracial school.

He moved back to Johannesburg, taught himself to speak Zulu and studied Zulu culture at the university (and occasionally lectures on it still). "By the age of 15, the Zulu people were a strong symbol in my life," he says. "I had this incredibly romantic idea about them. I was trying to be as Zulu as possible. I lived to play guitar with the Zulu street musicians in Joburg. They took me back to their tribal areas on weekends and holidays."

His eyes light up and his hands express the vivid memory: "The people danced in the streets. Drums were beating, this tremendous vibrant cacophony, a symphony of smells. Marches selling chickens, fruit, stolen goods—such extraordinary human flux. I was arrested for being in black ar-



Guitarist/bandleader Clegg: Finding chinks in apartheid's armor.

ees without permission; my mother kept bailing me out."

In 1979, he formed Juluka, the first multiracial rock band in South Africa. "There had been a strong multiracial jazz scene for some time. Rock was the natural next step. The time was right. There was so much music in the air."

At first they played "alternative venues"—gambling dens, clandestine rooftop concerts and shabens (township speakies). But in the 1980s, "there began to be a certain amount of social reform. Limited racial mixing was tolerated in a belt running through the major urban centers. We now play university campuses, resorts, luxury hotels and multiracial theaters in Cape Town, Durban, Joburg."

Juluka's 1984 tour of Europe and the United States was not a success. Clegg was experiencing the trouble so many African musicians have had making African music acceptable to northern ears. He was told the music was "too African." So he changed the format to conform closer to the Broadway song form and formed a new group called Savuka.

Savuka means "standing up" in Zulu—standing up against apartheid and to dance. He gets around censorship by "drawing African metaphors using Zulu tribal idioms." Savuka combines electric guitars and the Big Beat with Zulu war dances, which Clegg describes as "quite demanding. They require a lot of energy. The symbolism involves crouching, kicking and punching your opponent. They're military drills, really. Traditionally, Zulu warriors work off their aggressions dancing with each other rather than fight."

Although he criticizes Paul Simon for "not doing his homework" when he disregarded the United Nations' cultural boycott to record a portion of "Graceland" in Johannesburg, Clegg credits the enormous success of that album with having "opened people's ears. Now it's up to us to make it a trend and not just a passing fad."

His songs deal with the South African political reality "without laying a guilt trip, without generating fear. I don't want to become involved with the existential angst which has contributed so much to the failure of our society. My band is a band of hope. It affirms the life force. We want to present the public with a vision of what can be."

Johnny Clegg and Savuka, European tour: Rome, April 5-6; Bourges, France, April 10; Brighton, England, April 13; Edinburgh, April 15; Manchester, April 16; London, April 20-21; Cologne, May 7; Paris, (Zenith) May 9-11; Bern, May 30; Zurich, May 31; Brussels June 6-7. The tour continues through June 26.

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	37	38	39	40	41	42	43	44	45	46	47	48
GAME 2	1	2	3	4	5	6	7	8	9	10	11	12
	13	14	15	16	17	18	19	20	21	22	23	24
	25	26	27	28	29	30	31	32	33	34	35	36
GAME 3	1	2	3	4	5	6	7	8	9	10	11	12
	13	14	15	16	17	18	19	20	21	22	23	24
	25	26	27	28	29	30	31	32	33	34	35	36
GAME 4	1	2	3	4	5	6	7	8	9	10	11	12
	13	14	15	16	17	18	19	20	21	22	23	24
	25	26	27	28	29	30	31	32	33	34	35	36
GAME 5	1	2	3	4	5	6	7	8	9	10	11	12
	13	14	15	16	17	18	19	20	21	22	23	24
	25	26	27	28	29	30	31	32	33	34	35	36
GAME 6	1	2	3	4	5	6	7	8	9	10	11	12
	13	14	15	16	17	18	19	20	21	22	23	24
	25	26	27	28	29	30	31	32	33	34	35	36
	37	38	39	40	41	42	43	44	45	46	47	48

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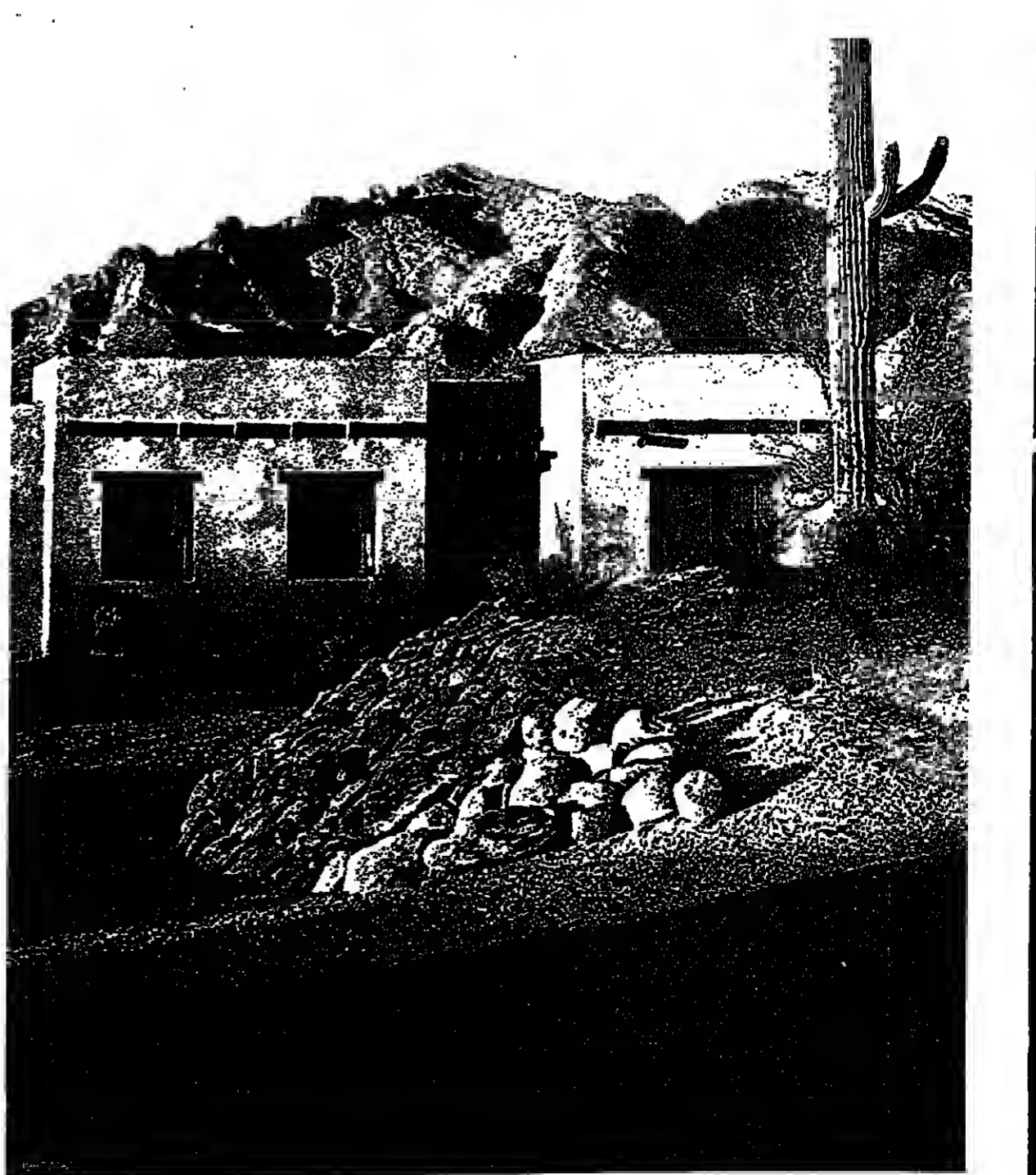
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NYSE Most Actives table with columns for Vol, High, Low, Last, Chg.

Market Sales table with columns for NYSE, AMEX, OTC, and DTC volume.

NYSE Index table with columns for Composite, Industrials, and Finance.

Monday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns for Class and Prev.

NASDAQ Index table with columns for Composite, Industrials, and Finance.

AMEX Most Actives table with columns for Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, and Industrials.

NYSE Diary table with columns for Class and Prev.

Odd-Lot Trading In N.Y. table with columns for Buy, Sell, and % of Total.

Dow Jones Averages table with columns for Case, High, Low, Last, Chg.

Standard & Poor's Index table with columns for Industrials, Finance, and Total Issues.

NASDAQ Diary table with columns for Class and Prev.

AMEX Stock Index table with columns for High, Low, Case, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Main NYSE stock listing table (left side), columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, 52 Low, Chg.

NYSE Off as Volume Plummets

NEW YORK — Prices on the New York Stock Exchange fell Monday in extremely slow trading as investors began to worry that the low interest rates of the past five months may be in jeopardy, traders said. Erratic behavior in the oil and bond markets prompted some investors to take profits. The Dow Jones Industrial Average fell 20.23 to 2067.14. Another big decline in bond prices after Friday's weakness prompted stock market investors to cash in some of the profits from last week, when the Dow jumped 52 points. The trading volume slipped to a 1988 low of 128.83 million shares from 245.75 traded Friday. "The buying interest in the equity market disappeared here today," said Ronald B. Doran, manager of institutional trading at the First Albany Corp. brokerage. "The institutional investors are doing little of anything." Losing issues outnumbered gainers by more than a 2-to-1 margin, with 1,042 down, 502 up and 444 unchanged. Much of the trading was confined to stocks of companies targeted in rumored or actual acquisitions. "Stocks were knocked down early because of the surprising decline in the bond market on Friday and the continuation this morning," said Rod Anderson, a trader with Shearson-Lehman Hutton Inc. By late afternoon, however, bonds, like stocks, had trimmed their losses after a sharp early rise in oil prices unexpectedly reversed. Crude for April delivery jumped as far as 45 cents a barrel this morning, but lost all that and 9 cents more by the close. The early rise in oil prices, combined with a report last Friday that showed the economy was growing moderately, dashed hopes for declining interest rates. "Beyond takeover deals, nothing is happening," said Lawrence Wachet, a Wall Street analyst at Prudential Bache Securities Co. "To a degree, the market is absent of ideas." Brokers said falling prices in the bond market contributed to the selling mood by signaling higher inflation and interest rates. This provided many investors with an excuse to cash in stocks that had gained recently. The reluctance of market participants to commit themselves to stocks for more than a short time reflected an underlying anxiety that has persisted since the October collapse. "There are very nervous people out there," said Hank Striefler, vice president on the trading floor at Shearson Lehman Hutton Inc. Among blue-chip losers, Goodyear fell 1 1/2 to 63 1/2, DuPont fell 1 1/4 to 87 1/2, Woolworth fell 1 1/4 to 47, Alcoa fell 1/4 to 45 1/4 and Philip Morris fell 1/4 to 9 1/4. Takeover activity boosted several prominent stocks. Roper gained 2 1/4 to 55 1/4, reflecting a heightened battle for the appliance maker by General Electric and Whirlpool. Koppers jumped 3/4 to 57 1/4 after a group led by Beazer PLC sweetened its offer. Kansas City Southern jumped 8/4 to 55 after an investor group offered \$60 a share for the railroad and financial services concern. (Reuters, AP)

Main NYSE stock listing table (middle section), columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, 52 Low, Chg.

Main NYSE stock listing table (right side), columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, 52 Low, Chg.

(Continued on next left-hand page)

TUESDAY, MARCH 22, 1988

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WALL STREET WATCH

Wary Investors Seek Safety In Fixed-Income Securities

By VARTANIG G. VARTAN

NEW YORK — At a time when many investors are leery of venturing into the stock market, they are flocking to buy shares of new closed-end funds that fill their portfolios with fixed-income securities.

Earlier this month, investors snapped up 200 million shares of the MFS Intermediate Income Trust at \$10 apiece. The \$2 billion offering marked the biggest new issue on record.

The popularity of new closed-end funds is a reaction to the market crash.

"We were pleasantly surprised," said Charles G. Thomas of Massachusetts Financial Services Co., investment adviser for the trust.

Eventually, the new money will be put to work in securities of the U.S. government and of foreign governments. MFS expects that dividends paid by the trust will average between 10 percent and 11 percent, depending on market conditions.

In trading on the New York Stock Exchange, the MFS trust closed Friday at \$10, unchanged.

Closed-end investment companies have a set number of shares outstanding and their prices, like that of any stock, are determined by supply and demand in the open market.

Underwriting fees for the new fixed-income funds usually run about 7 percent, providing an incentive for the broker. But this also means that ground-floor buyers of the fund have only 93 cents of each of their investment dollars working for them.

Huge fixed-income offerings that have been marketed since February include the \$1.3 billion Putnam Premier Income Fund and the \$1.1 billion Templeton Global Income Fund.

THIS EMPHASIS on fixed-income offerings is relatively new. In 1986, closed-end companies accounted for \$4.2 billion of the \$22.4 billion of all new issues.

According to Going Public: The IPO Reporter, a publication that monitors the new-issue market, a record \$24.2 billion was raised by public offerings in 1987. Closed-end funds represented \$9.8 billion of that total.

Prior to the appearance of the MFS trust, the largest initial public offering was the \$1 billion Nivest Municipal Value Fund last June. This fund invests in tax-free securities.

In an analysis last week, the Value Line Investment Survey said: "The market crash in October presented investors with a great opportunity to make longer-term commitments in closed-end funds. Discounts opened up considerably, while some funds that had been trading at premiums finally went to a discount."

At present, according to Value Line, the best values appear to lie in funds that invest in foreign stocks. "Substantial discounts still prevail for most of the single-country funds, such as First Australia Fund, Italy Fund, Scudder New Asia, Scandinavia Fund and United Kingdom Fund," it said.

"One reason for the large discounts may be that United States investors now face larger currency risks than they did a year ago."

Sweden's AGA AB Leads Bid

\$951 Million Offer For Timber Group

STOCKHOLM — AGA AB, the Swedish gas and power company, and two forestry groups offered 5.7 billion kronor (\$951 million) Monday to buy a timber and electricity producer, Gräningsverken AB.

It is the third big takeover bid this month in Sweden's rapidly consolidating forestry industry.

AGA, leading the consortium, would contribute 4.5 billion kronor to the purchase. Mo & Domsjö AB, known as MoDo, would put in 700 million and Svenska Cellulosa AB 500 million.

The companies said in a statement that AGA would take Gräningsverken's hydroelectric facilities while SCA and MoDo would divide up its pulp production operations.

On March 9, Sweden's largest forestry company, Stora Kopparbergs Bergslags AB, offered 5.9 billion kronor for Swedish Match AB.

After years in the doldrums, Sweden's forestry companies have sprung back to life, spurred by a jump in world demand for pulp.

In Monday's announcement, the three companies said they were offering 6,400 kronor in cash for each of Gräningsverken's shares and 9,077 kronor each for its convertible debentures.

Gräningsverken shares are not quoted on the Stockholm Stock Exchange. They occasionally change hands in private transactions.

Mr. Olsson said the shares had recently been traded at 6,700 kronor, making the bid below the prevailing market price.

The biggest shareholder in Gräningsverken is Skanska AB, a building company. It has 29 percent of the voting rights.

Next biggest shareholder is the Norden family with 25 percent, while MoDo already holds 10 percent of the votes.



Workers on the assembly line of the 405, the car Peugeot's chairman, Jacques Calvet, right, sees as key to an export drive.

Peugeot Revs Up for Global Effort

But Analysts See Potholes on the Road to Expansion

PARIS — When Jacques Calvet, chairman of the French automotive group in 1982, it was in shambles. It lost about 1.7 billion francs (\$300 million at current exchange rates) that year, its market share in Europe was plummeting and many analysts said bankruptcy was just around the corner.

Mr. Calvet's mission was simple: bring Peugeot back from the near-dead. He slashed 38,000 jobs from a payroll of 218,000 and created new economies of scale by drastically reducing the company's bloated number of production models.

In sales, Peugeot's break-even point has fallen to 1.2 million cars a year from 2.2 million — even as its sales jumped 13 percent last year to 1.85 million units. After suffering losses of more than 8 billion francs from 1980 to 1984, Peugeot is likely to report a profit of 6.3 billion francs for 1987, after 3.6 billion in 1986 and 543 million in 1985.

Mr. Calvet said the 56-year-old Mr. Calvet has launched an ambitious program to expand worldwide. Last year, Peugeot sales rose by 50 percent in Spain and by about 20 percent in Italy and Britain.

Not stopping there, the 56-year-old Mr. Calvet has launched an ambitious program to expand worldwide. Last year, Peugeot sales rose by 50 percent in Spain and by about 20 percent in Italy and Britain.

And frustrated that Peugeot is such a lightweight in the United States, he hopes to quintuple sales there by the early 1990s. His opening salvo: the company's biggest American marketing blitz ever this fall to introduce the Peugeot 405, a sleek mid-sized car that was voted Europe's car of the year in 1987 by automotive journalists.

Can Mr. Calvet continue to deliver? He has few doubts. "It's like the Olympic Games where you know your competitors will be fast, but we will just have to be a little faster," he said during an interview at Peugeot's headquarters in Paris.

Several hurdles are just down the road, they say, and they are big enough to test the mettle of even Mr. Calvet, whose success so far in revving up the automaker, France's largest private company with annual sales of 105 billion francs, has won him acclaim as the country's leading industrialist.

One problem is Peugeot's image. Many people still view the company as a manufacturer of stodgy, undependable cars, and it is not well known globally even though it sells more cars worldwide than Honda or Fiat.

And Volkswagen and Fiat are not about to lie down and roll over. Volkswagen, which owns Audi AG and controls SEAT SA of Spain, had 14.4 percent of the European market last year, while Fiat, strengthened by its Alfa Romeo acquisition, had 14 percent. Peugeot has been coming on strong, moving from 11.4 percent in 1986 to 12.1 percent last year.

"In order for Peugeot to overtake Volkswagen and Fiat, it will have to attack them in their home markets and that won't be easy," said Susanna Hardy, an analyst of French industry with James Capel & Co. in London. Making matters worse, just last month Fiat introduced a snazzy new compact, the Tipo, that aims to dethrone Volkswagen's much-mimicked Ford as Europe's most popular car.

But probably the most formidable obstacle Mr. Calvet faces is union discontent, which worsened last month when he announced plans to cut the

Bonn to Sell VW Holding for 1.14 Billion DM

By Ferdinand Protzman

FRANKFURT — The Finance Ministry said Monday that the federal government's twice-delayed sale of its 16 percent stake in Volkswagen AG would begin Thursday at a price of 238 Deutsche marks a share for a total value of 1.14 billion DM (\$675 million).

The federal government's 4.8 million shares will be placed through a consortium of 75 West German and foreign banks, the Finance Ministry said.

The sale, rescheduled for autumn of 1987, was delayed again by the global market collapse in October, according to Mr. Stoltenberg.

An analyst for Industriekreditbank AG in Düsseldorf said after the previous delays, the government had approached the sale of its Volkswagen stake cautiously, testing the stock market's readiness by privatizing part of the Deutsche Verkehrs-Kredit-Bank AG within the last month.

"When the government saw how well the market reacted to that, then they were ready to go with VW," the analyst said. "The delays taught them to move quickly when the opportunity is there."

Other analysts said some investors may be wary because of problems with Volkswagen's 1-for-4 rights issue in 1986. The 2.1 billion DM rights offer of preferred stock was hurt by a combination of a falling dollar, weak earnings estimates and a soft market.

Volkswagen has had its share of problems over the past year. Besides the foreign currency scandal, which landed two former VW foreign exchange traders in jail and cost the former finance director and three other employees their jobs, Volkswagen's sales and earnings abroad have suffered.

Allegations of sudden, unintended acceleration in some of its Audi model cars in the U.S. have plagued Volkswagen and resulted in the dismissal in mid-February of Noel Phillips as head of Volkswagen of America. In late January, Volkswagen announced it would close its Westmoreland, Pennsylvania, assembly plant, which had been operating at only about 40 percent capacity in recent years.

Bringing the shares to market

The news of the sale was timed to coincide with Finance Minister Gerhard Stoltenberg's meeting with the country's top bankers, who were in Bonn Monday to attend the German Banking Association's annual meeting.

The sale will bring to end the federal government's equity involvement with Volkswagen, Europe's largest automaker.

The state government of Lower Saxony, which holds a 20 percent stake in VW, has said it has no plans to sell its shares. Volkswagen's headquarters and main production plant are located in Wolfsburg in Lower Saxony.

Analysis said the share price was slightly higher than expected, possibly because the government is scrambling for funds to help finance its tax-reform program and bring down West Germany's budget deficit, which is expected to be over 30 billion DM this year.

"The price could have been lower, but these things are always a compromise and the government needs the money," said Peter Preisch, an economist at Commerzbank in Frankfurt. "Expectations ranged from 225 DM to 235 DM, but I don't believe the extra three marks will do any harm. The sale should go smoothly."

VW shares closed at 240.80 DM Monday on the Frankfurt Stock Exchange, down 3.70 DM from Friday's close.

Are you entitled to a tax-free Meister?

Currency Rates

Table with columns: Cross Rates, Currency, Par \$, etc. Includes rates for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich.

Table with columns: Other Dollar Values, Currency, Par \$, etc. Includes rates for Australia, Brazil, Canada, Denmark, Hong Kong, India, Japan, Korea, Singapore, Taiwan, Thailand, West Germany.

Table with columns: Forward Rates, Currency, 30-day, 60-day, 90-day, etc. Includes rates for Australian dollar, Japanese yen, Deutsche mark.

Table with columns: Interest Rates, Eurocurrency Deposits, 1 month, 3 months, 6 months, 1 year, etc. Includes rates for various currencies.

Table with columns: Key Money Rates, 3-month CD, 6-month CD, 9-month CD, etc. Includes rates for various currencies.

Table with columns: Asian Dollar Deposits, 1 month, 3 months, 6 months, 1 year, etc. Includes rates for various Asian currencies.

Table with columns: U.S. Money Market Funds, Merrill Lynch Ready Assets, 30-day average yield, etc. Includes rates for various funds.

Table with columns: Gold, 1000 grams, 1000 ounces, etc. Includes rates for various gold products.

Philippines To Sell 17 More Firms

MANILA — President Corason C. Aquino has approved the privatization of 17 more government-controlled corporations, including Philippine Airlines Inc., Finance Secretary Vicente Jayme said Monday.

This brings to 103 the total number of state companies listed for sale.

The 17 companies, which also include National Steel Corp., Philippine Associated Smelting & Refining Corp. and oil mills, have total assets of \$1.56 billion, Mr. Jayme said.

Total assets for all 103 companies amount to \$3.3 billion.

Mr. Jayme said the operations of 17 other government companies, including National Power Corp. and Philippine National Oil Co., were being monitored by a special committee to determine whether they should also be transferred to private hands.

He said the government had "adopted a very strict principle that unless it is clear there is a need for government to continue operations then it should be privatized."

The privatization program, started in 1985, moved sluggishly in 1987, but the government hopes to accelerate it, Mr. Jayme said.

Bid for Crippled Texas Bank Is Called Unlikely

By Thomas C. Hayes

DALLAS — As bank regulators search for a bidder to take over the troubled First Republic Bank Corp., analysts say the 13th-largest U.S. bank holding company is too large and too crippled by bad loans to attract serious offers.

A more likely outcome, the analysts said, is that the Federal Deposit Insurance Corp. will operate the bank for several years.

To halt substantial withdrawals of deposits from First Republic Bank's 73 subsidiary banks, the FDIC injected \$1 billion in cash last Thursday and guaranteed all deposits, including those of more than \$100,000. The assistance to First Republic Bank, which lost \$2 billion in deposits since the beginning of the year, amounted to the second-largest bailout in banking history.

A bank spokesman, Joseph C. Bowles, said Friday that the action by the FDIC quelled the deposit outflows from First Republic Bank, the largest financial institution in Texas.

Some analysts said that First Republic Bank's problems with rapidly deteriorating real estate loans may push the rescue bill beyond the \$4.5 billion needed to steady the Continental Illinois National Bank & Trust Co. of Chicago in 1984.

"It wouldn't surprise me if it is more," said William M. Isaac, who headed the FDIC at the time of the Continental bailout. He now is chief executive of Secura Group, a consulting firm in Washington.

First Republic Bank formed last June when Republic Bank Corp. acquired Interfirst Corp. for \$544 million, held \$1.16 billion in stockholders' equity at the end of December, and \$3.2 billion in total capital.

The equity figure, at 45 percent of total deposits, did not drop alarmingly below industry standards despite First Republic Bank's growing loan problems. Its nonperforming loans soared in the second half of last year, to \$3.2 billion, from \$1.8 billion last June 30, three weeks after the merger.

Analysts noted that 40 percent of its \$9.5 billion in real estate loans at the end of the year were concentrated in land development and construction loans, the hardest-hit part of the vastly overbuilt Texas real estate market.

First Republic Bank posted a loss of \$65.5 million in 1987, and Gerald W. Fronterhouse, chairman and chief executive, reportedly warned the bank's executives in January that the 1988 loss could approach \$450 million if drastic steps to cut costs were not taken.

William L. Seidman, chairman of the FDIC, said Friday in an interview on public television that bank examiners concluded before last week that First Republic Bank was headed for insolvency in "a matter of months."

He said there was "absolutely no way" to know how much the FDIC will eventually have to pay to cover First Republic Bank's losses. The agency has \$1.6 billion in cash, plus another \$2 billion in various investments.

Although the FDIC paid out \$4.5 billion in the Continental Illinois bailout, Mr. Seidman estimated the final cost will be cut to about \$1.7 billion because of the bank's success in recovering money from bad loans.

Analysts said Mr. Seidman's goal is to attract another bank or investor group to take control of First Republic Bank as a way of minimizing the final cost to his agency.

Mr. Seidman estimated that as many as 50 banks would fail this year in Texas, where First Republic Bank has the largest retail banking system, with 134 banking sites. "The bank is in trouble because of the economy in Texas," Mr. Seidman said.

Mr. Isaac at Secura Group said a list of conceivable bidders could include Citicorp, Chase Manhattan, Security Pacific, Wells Fargo, and perhaps a handful of Japan's largest banks.

But Mr. Isaac said it seemed unlikely that a Japanese bank would get seriously interested. "It's difficult to find a foreign bank that would be big enough and willing to take on a troubled situation of this sort," he said.

The FDIC did find an outside investor group to take over First City Bancorporation of Texas, a Houston-based bank holding company with \$1.2 billion in assets.

The group, headed by A. Robert Aboud, raised more than \$500 million, coupled with \$970 million in notes from the FDIC, to finance the takeover. Some bondholders prevented the deal from closing earlier this month in an effort to receive higher price for their bonds.

Audemars Piguet advertisement featuring 'THE MECHANICAL MASTERPIECES' including the automatic Tourbillon, Perpetual Calendar, and automatic Chronograph. Includes contact information for Audemars Piguet & Cie S.A., 1348 Le Brassus, Switzerland.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE St. High Low Close Chg.

(Continued)

Table of NYSE stock prices including companies like AT&T, IBM, and various regional and international firms.

12 Month High Low Stock Div. Yld. PE St. High Low Close Chg.

Table of NYSE stock prices (continued) listing various companies and their market data.

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Table of NYSE stock prices (continued) listing various companies and their market data.

Table of international stock prices including companies from Europe, Asia, and other regions.

12 Month High Low Stock Div. Yld. PE St. High Low Close Chg.

(Continued)

Table of international stock prices (continued) listing various companies and their market data.

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Table of international stock prices (continued) listing various companies and their market data.

U.S. Futures

Via The Associated Press

March 21

High Low Open High Low Close Chg.

Grains

Table of U.S. Futures prices for Grains including Wheat, Corn, and Soybeans.

Metals

Table of U.S. Futures prices for Metals including Copper, Aluminum, and Zinc.

Livestock

Table of U.S. Futures prices for Livestock including Cattle and Hogs.

Currency Options

Table of U.S. Futures prices for Currency Options including British Pound and Japanese Yen.

Philadelphia Exchange

Table of Philadelphia Exchange prices for various commodities.

Financial

Table of U.S. Futures prices for Financial instruments including Treasury Bonds and Bills.

Food

March 21

High Low Open High Low Close Chg.

Food

Table of U.S. Futures prices for Food commodities including Coffee, Sugar, and Orange Juice.

Metals

Table of U.S. Futures prices for Metals including Copper, Aluminum, and Zinc.

Livestock

Table of U.S. Futures prices for Livestock including Cattle and Hogs.

Currency Options

Table of U.S. Futures prices for Currency Options including British Pound and Japanese Yen.

Philadelphia Exchange

Table of Philadelphia Exchange prices for various commodities.

Financial

Table of U.S. Futures prices for Financial instruments including Treasury Bonds and Bills.

Spot Commodities

March 21

High Low Open High Low Close Chg.

Spot Commodities

Table of Spot Commodities prices including various agricultural and industrial goods.

Metals

Table of Spot Commodities prices for Metals including Copper, Aluminum, and Zinc.

Livestock

Table of Spot Commodities prices for Livestock including Cattle and Hogs.

Currency Options

Table of Spot Commodities prices for Currency Options including British Pound and Japanese Yen.

Philadelphia Exchange

Table of Philadelphia Exchange prices for various commodities.

Financial

Table of Spot Commodities prices for Financial instruments including Treasury Bonds and Bills.

Company Results

Table of Company Results for various international firms.

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NYSE High-Lows

Table of NYSE High-Lows for various companies.

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NYSE High-Lows

Table of NYSE High-Lows for various companies.

Paris Commodities

Table of Paris Commodities prices for various goods.

London Commodities

Table of London Commodities prices for various goods.

Dividends

Table of Dividends for various companies.

Spot Commodities

Table of Spot Commodities prices for various goods.

DM Futures Options

Table of DM Futures Options prices for various instruments.

U.S. Treasuries

Table of U.S. Treasuries prices for various bonds.

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WORLD MARKETS IN REVIEW IN THE IHT EVERY MONDAY. A WEEKLY REVIEW OF WORLD STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE

TRW to Buy Borg Unit For \$360 Million

BP Fined for Deaths at Refinery

Paris Commodities

London Commodities

Dividends

Spot Commodities

DM Futures Options

U.S. Treasuries

U.S. Treasuries

U.S. Treasuries

U.S. Treasuries

U.S. Treasuries

U.S. Treasuries

Japan-Held Glassmaker Seeks AFG

BRUSSELS — Glaverbel SA, a Belgian glassmaker whose majority shareholder is Japan's Asahi Glass Co., said Monday it had agreed to pay \$156 million for an initial 20 percent interest in AFG Industries Inc., a big U.S. glassmaker. Glaverbel said it planned to raise its stake in AFG to 75 percent in five years. Glaverbel, 56.7 percent owned by Asahi, said the purchase of the 20 percent stake depended on the success of a \$726 million management buyout offer now under way for AFG's outstanding stock at \$33 a share.

AFG's founder and chairman, Randall D. Hubbard, who is leading the buyout, holds an estimated 20 percent of the company's 30 million shares.

If the management offer succeeds, 25 percent of AFG, which is based in Irvine, California, will be held by management, 20 percent by Glaverbel and the remainder by major investors including Drexel Burnham Lambert.

Under the agreement, Glaverbel

FT Considers Buying Into a Spanish Daily

Agence France-Press
LONDON — The Financial Times said Monday that it was considering buying a large minority stake in the Spanish business daily Cinco Dias.

The Financial Times, a publication of Pearson PLC, said Cinco Dias had offered to sell a 45 percent holding. The Financial Times said the proposed transaction was under "financial appraisal."

Cinco Dias has a circulation of about 30,000.

Pearson is seeking to buy the French business daily Les Echos for £88 million (\$161 million), but France is blocking the sale on grounds that Pearson does not have a "durable established" European ownership. Rupert Murdoch, an American citizen, owns 20.5 percent of Pearson.

The British group also recently purchased a 25 percent holding in The Financial Post, a Canadian business daily.

PEUGEOT: Automaker Going Global, but Analysts See Potholes Ahead

(Continued from first finance page) work force by another 4,000 employees this year.

"The workers feel more unhappy now than they did a few years ago," said Denis Sommer, president of the General Labor Confederation, CGT, linked to Peugeot's largest plant, in Sochaux in eastern France. "Our wages have trailed inflation for several years, and now Peugeot says it wants more. That doesn't seem fair because the company is making such impressive profits nowadays."

Mr. Calvet concedes that his greatest challenge is to convince workers of the continuing need to tighten belts. One of his biggest worries is what will happen if Peugeot were suddenly to lose a key protection: the French government's limit on Japanese car imports, which restricts them to 3 percent of the domestic market, or about 60,000 vehicles a year.

"We have good engineers, good design people, good production people, excellent new products," Mr. Calvet said. "We are well equipped in those areas, but there is still one thing I have left to do. I have to convince the 160,000 people who work for Peugeot about how terrifying the competition is, especially the Asian competition."

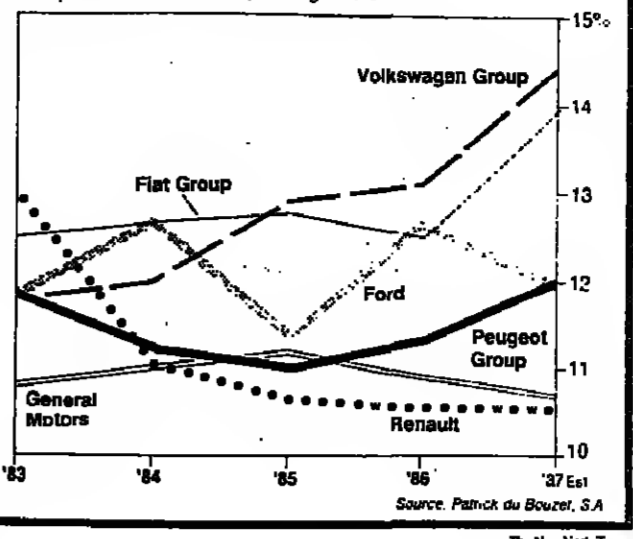
Mr. Calvet's toughness has become the stuff of legend in a nation where managers have long been considered flaccid. It is widely agreed that Mr. Calvet has set an example that is helping to change the way the French do business.

He did this by doing what French executives are not supposed to do: He clashed with his superiors as he bounded up the corporate ladder, he took on the unions and he battled the government. In short, he did anything to make his company more competitive.

Mr. Calvet's performance at Peugeot is all the more remarkable because he is not a "car man." His background is in finance and civil service. He served as staff director for Valéry Giscard d'Estaing in the

The Battle to Sell Cars in Europe

European market share of passenger cars.



early 1970s when the politician—a conservative who later became president—was France's finance minister.

Later, Mr. Calvet became president of the state-owned Banque Nationale de Paris, France's largest commercial bank, until he, like many other conservative executives, was fired after the Socialists came to power in 1981.

"A lot of French businessmen look to him as a model," said Etienne Bouché, an industry analyst with the stockbrokers Patrick Bouzet SA in Paris. "People are impressed with the way someone who came out of the finance world has done such a terrific job bringing his industrial team together."

When the Peugeot family—which owns 34.5 percent of the company's stock—hired Mr. Calvet as a financial consultant in June 1982, it was desperately looking for a tough-minded visionary.

At the time, Peugeot had severe cash flow problems as a result of an ill-fated acquisition of Chrysler's

European operations. Many people feared that Peugeot, founded in 1811 as a metal foundry, would go under.

In a sense Peugeot's troubles began in 1975 when Mr. Calvet's predecessor as chairman, Jean-Paul Parayre, sought to turn Peugeot into a major league player in Europe by acquiring Citroën from Michelin & Compagnie, the French tire company. Mr. Parayre took an major step in 1978 by buying Chrysler's European operations, which Peugeot rechristened Talbot.

These acquisitions made Talbot, for a very short time, Europe's largest car maker and the world's fourth largest. Things quickly disintegrated, however, with its European market share plummeting from 17.1 percent in 1979 to 11.1 percent five years later.

"They were in a pretty bad way," said Stephen Reitman, automobile analyst with Phillips & Drew in London. "Their debt was going through the roof, and they expanded at an absolutely disastrous time—right before the 1979 oil shock and when the Japanese were stepping up their competition."

When Mr. Calvet arrived, he found a company with 15 different car models, each of which had 10 variations. This created a manufacturing nightmare for obtaining parts and for economies of scale on the assembly line.

Mr. Calvet's first goal was to cut costs, and he did so with a vigor rarely seen before in French industry, where executives played by time-worn rules and where there were state controls on layoffs.

As the strong-minded Mr. Calvet climbed in the organization charts, he began to bump up against Mr. Parayre, the chairman. Mr. Parayre had been told by the company's board to focus on strategic planning, but his ideas for growth were undercut by Mr. Calvet's cost-cutting measures.

Finally, following one of France's most celebrated boardroom battles, Mr. Parayre quit.

Nevertheless, Mr. Calvet has benefited from one of his predecessor's decisions: to launch the Peugeot 205. This zippy subcompact, Peugeot's answer to Volkswagen's Golf, has performed magic for the automaker. It is now France's No. 1 car and accounts for almost one-third of the company's sales.

Now Mr. Calvet is betting heavily on a second car—the handsome 405 midsize model. The first to go from conception to production since he arrived. He is also banking on the Citroën AX, a sporty compact, which is doing for Citroën's dowdy image what the 205 and 405 have done for Peugeot's. Mr. Calvet expects his baby, the 405, to capture 7 percent of the French market and spearhead his efforts to become No. 1 in Europe.

Although many analysts doubt that Peugeot will capture the top spot, others are more optimistic. "Peugeot just might make it," said Mr. Reitman of Phillips & Drew. "Fiat and VW are slugging it out for first place, but Peugeot just might creep up on the inside."

Indigo Take-off

Wall Street experts were calling the New York market "fifty fifties" during a mid-March session in which the most aggressive rebounder of computer equipment was being priced at \$77 million. Annualized earnings with sales growth at 44 percent per year. Write, phone, fax or telex for complimentary reports on why such stocks could be preparing to quadruple at conventional analysis look the other way.

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Telex: 79432

* Indigo is not a licensed broker.

GE Increases Bid for Roper

The Associated Press
NEW YORK — General Electric Co. on Monday raised its bid for Roper Corp., the U.S. appliance maker, to \$501 million, an increase of \$84 million. GE also filed lawsuits seeking to block Roper from merging with Whirlpool Corp.

GE's \$54-a-share offer, a 59 percent increase, is higher than Whirlpool's second tender bid for Roper, made last week, which amounts to \$30 a share, or about \$470 million.

Whirlpool's initial \$37.50-a-share offer last month began the bidding war for Roper, based in Augusta, Georgia.

On Friday, Whirlpool filed suit charging that GE tried to "sabotage the definitive merger agreement" Whirlpool reached with Roper's board of directors last month.

GE countered on Monday by alleging that the Roper board made no effort to "test the price" before agreeing to merge with Whirlpool on Feb. 29.

AFG Glaverbel said, would have a 20 percent market share in the United States this year, making AFG the second-biggest U.S. glassmaker after PPG Industries Inc.

AFG makes flat glass, which is largely used in residential and commercial construction, as well as specialized glass products for ovens, doors, aquariums and other uses.

Glaverbel said its move was aimed at achieving greater geographical diversification for itself and Asahi Glass.

Cathay Pacific's Net Profit Rose 72% to a Record in 1987

Compiled by Our Staff From Dispatches
HONG KONG — Cathay Pacific Airways Ltd. said Monday that its net profit rose 72 percent to a record 2.12 billion Hong Kong dollars (\$271 million) last year, from 1.23 billion in 1986.

The earnings for calendar 1987 were higher than market forecasts, which were mostly in a range of 1.8 billion to 2 billion dollars.

Cathay Pacific said 1987 was a year in which most factors that contribute to profit were favorable, including passenger and cargo volumes, exchange rates and fuel prices.

"It will be a difficult year to follow," it said in a statement.

The airline did not make a profit forecast for 1988.

It said that revenue rose 29 percent in 1987 to 11.71 billion dollars, from 9.06 billion the previous year. Earnings per share climbed 60 percent to 74.3 Hong Kong cents, from 46.5.

The total dividend for the year was 28 cents, up from 20 cents.

Cathay Pacific's results were supported by an unusually high rate of growth in several markets, including Japan, Taiwan and Europe, the statement said.

The average utilization of the air-

line's fleet was 11.16 hours a day last year, against 10.79 the previous year, and the number of aircraft increased to 25 from 21.

Passenger revenue climbed 33.2 percent to 8.93 billion dollars and cargo revenue was up 18.9 percent to 2.13 billion dollars, Cathay Pacific said. It said the gains were mainly attributable to exchange rate movements.

Company net borrowings rose nearly 6 percent to 2.22 billion dollars at the end of 1987, from 5.88 billion a year earlier.

The Hong Kong-based airline is 50 percent owned by Swire Pacific

Ltd., a subsidiary of London-based John Swire & Sons.

The Beijing-based investment company, China International Trust & Investment Corp. holds a further 12.5 percent.

Analysts said the CITIC link has helped to stall efforts by Dragonair, a small Hong Kong airline set up in 1985, to share Cathay's lucrative routes between China and the British colony.

The airline said it would take delivery of three new passenger aircraft in 1988, one Boeing 747-300 in July and two Lockheed TriStars by the end of the year.

(AFP, Reuters)

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 21st March 1988

Next essential quotations are supplied by the Funds listed with the exception of those quoted below on issue prices. The marginal symbols indicate quotations supplied: (M) - daily; (W) - weekly; (B) - bi-monthly; (Q) - quarterly; (I) - irregularly.

Fund Name	Quotation
AL-MAL GROUP	(W) Al-Mal Trust S.A. \$ 29.57
AMERICAN CENTURY	(W) American Century \$ 180.20
AMERICAN FUND	(W) American Fund \$ 180.20
AMERICAN INVESTMENT	(W) American Investment \$ 180.20
AMERICAN OVERSEAS	(W) American Overseas \$ 180.20
AMERICAN PACIFIC	(W) American Pacific \$ 180.20
AMERICAN REAL ESTATE	(W) American Real Estate \$ 180.20
AMERICAN SECURITIES	(W) American Securities \$ 180.20
AMERICAN TRUST	(W) American Trust \$ 180.20
AMERICAN WATER	(W) American Water \$ 180.20
AMERICAN WORLD	(W) American World \$ 180.20
AMERICAN YACHTING	(W) American Yachting \$ 180.20
AMERICAN ZEPHYRUS	(W) American Zephyrus \$ 180.20
AMERICAN ZEPHYRUS II	(W) American Zephyrus II \$ 180.20
AMERICAN ZEPHYRUS III	(W) American Zephyrus III \$ 180.20
AMERICAN ZEPHYRUS IV	(W) American Zephyrus IV \$ 180.20
AMERICAN ZEPHYRUS V	(W) American Zephyrus V \$ 180.20
AMERICAN ZEPHYRUS VI	(W) American Zephyrus VI \$ 180.20
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Renault Turnaround Seen

PARIS — Renault is expected to show a substantial profit in 1987 for the first time since 1980, but the year could bring new difficulties for the automaker, company sources said.

The state-owned group is expected to announce on Tuesday a group net profit of more than 3 billion francs (\$522 million), a dramatic turnaround from 1986's net loss of 5.42 billion francs.

But Renault's problems are not over.

In 1987 its French market share slipped to 30.5 percent from 31.5 percent in 1986, while rival Peugeot SA boosted its share to 33.4 percent from 32.1 percent. Uncertainty also remains about Renault's indebtedness and in particular whether the European Community will allow the French state to write off 12 billion francs in debt.

Renault's recovery in 1987 is considered the result of a restructuring program initiated by Georges Besse, the chairman, before he was killed by leftist guerrillas in November 1986. When Mr. Besse became chairman in 1985, the automaker had just posted a massive 1984 net loss of 12.6 billion francs.

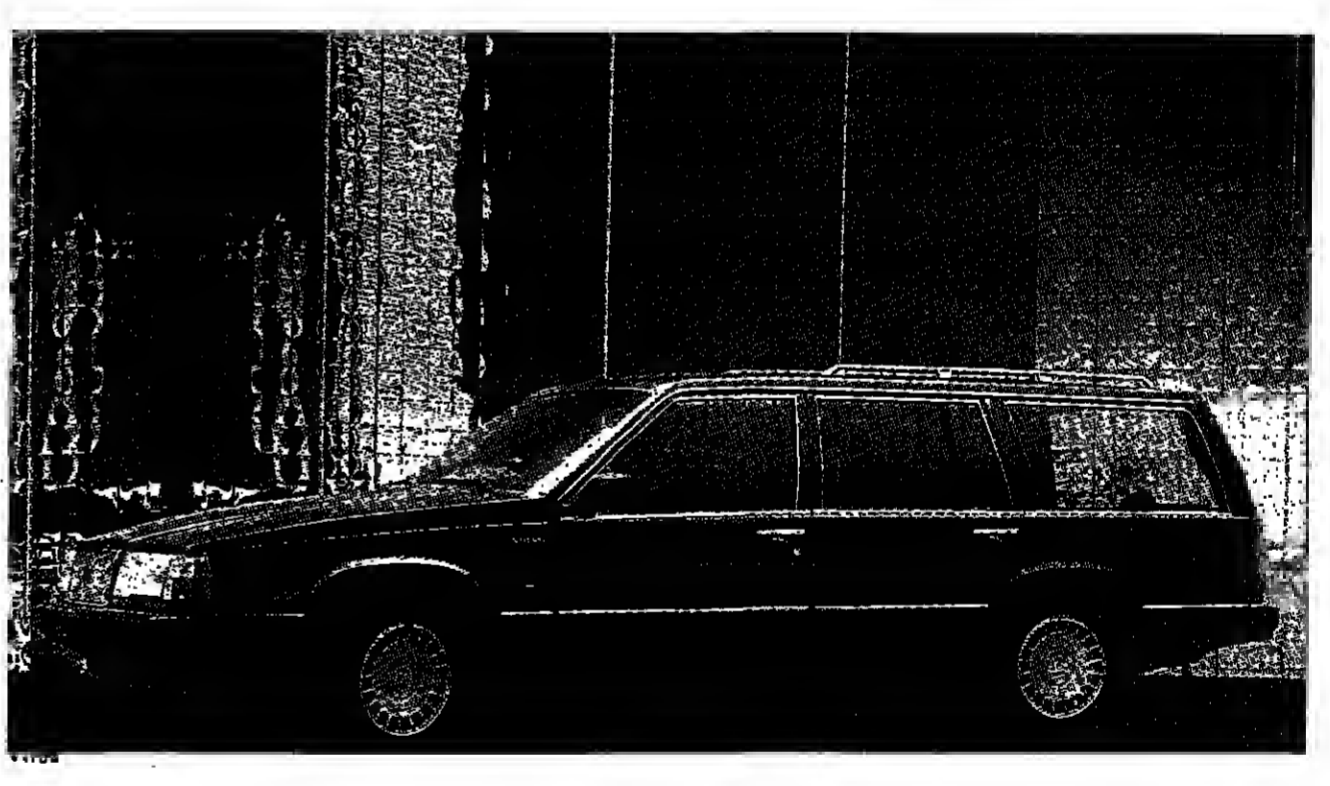
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VOLVO

Standard equipment, Volvo 730GLE: ABS brakes, Electronic Climate Control, power assisted steering, electrically operated sunroof, electric window lifts, automatic level control, automatic low-speed gears as well as a number of other items offer as options. Instrumentation: The 1988 model has new instrumentation, totally different from your old Volvo 760. Engine: All-aluminum V6; microprocessor-controlled fuel injection and ignition, 170 hp DIN. In certain markets the Volvo 760 is available with a 4-cylinder, turbo-charged engine with intercooler (122 hp DIN). Chassis: Spacious dual front suspension Volvo Constant Track, independent rear suspension. Safety: The Volvo 760 GLE is a Volvo Manufacture. The Volvo 760 GLE is exclusively built at our factory in Kalmar, Sweden. The car plant without assembly lines. Plus: The unique Volvo Advantage Programme, including 24 Hour Roadside Assistance (recovery and repair service, toll expenses, car replacement) and much more that you probably won't need. Volvo Guide Europe (your complete road atlas and travel guide) as well as being offered a Replacement Car while your car is being serviced. And why not apply for a Volvo Driver's Club Card? The Volvo Advantage Programme may vary from country to country. Stated engine output refers to engine without catalytic converters. Equipment may vary in some markets.

CURRENCY MARKETS

Dollar Slips as Focus Moves to Yen

NEW YORK — The dollar slipped Monday against major foreign currencies in light trading, while attention focused on the Japanese yen.

London Dollar Rates

Table with columns: Currency, Bid, Ask. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

modity Exchange closed the April gold contract at \$450.20 an ounce, up \$5 from \$445.20 Friday.

Bonn, Paris Agree on Need For Expansion

BONN — Senior officials from France and West Germany, opening a new series of bilateral economic discussions, agreed Monday that more could be done to stimulate economic expansion.

Gerhard Stoltenberg, the German finance minister, said after the talks with Edouard Balladur, the French finance minister, that "there was a common aim to strengthen growth further."

There has been pressure on West Germany, notably from the United States and France, to stimulate its economy to draw in imports.

The ministers, meeting under auspices of a Franco-German economic council created in January, had also touched on the subject of working more closely together on monetary and currency policies.

The yen was particularly firm against the Deutsche mark, bolstered by strong growth in Japan's economy.

Many operators said they feel that Japanese traders will sell dollars once their fiscal year ends on March 31.

The yen also surged in European trading, pushing the mark to its lowest against the Japanese currency for 18 months.

"A lot of people were waiting to buy yen after the end of the Japanese fiscal year" on March 31, said the foreign exchange manager of a major Japanese bank in Frankfurt.

and at 5.7410 French francs, down from 5.7570.

The dollar was also weaker against the pound, which closed at \$1.8305, against \$1.8250 on Friday.

There were signs that some European central banks entered the market and bought dollars, said Jim Scalfaro, a foreign exchange dealer at Bank of Montreal in New York.

However, any interventions were small and did not have much impact on rates, he said.

In London, the dollar closed at 1.6940 DM, down from 1.6940 on Friday; at 1.3985 Swiss francs, down from 1.4025; and at 5.7425 French francs, down from 5.7525.

The dollar was also lower against the pound, which closed at \$1.8265, against \$1.8210.

The pound closed at 3.0893 DM in London, slightly up from 3.0878 on Friday.

One dealer said the market was trying to establish a firm base around 3.09 DM, with intervention expected around 3.10.

"It's just a little waiting period until we see the next onslaught," he said.

Earlier in Europe, the dollar was fixed in Frankfurt at 1.6907 DM, down from 1.6936 at Friday's fixing, and in Paris at 5.7460 French francs, down from 5.7490.

The dollar closed in Zurich at 1.3975 Swiss francs, down from 1.4015.

Turkey Plans to Tap Market for \$1 Billion to Service Debt

MANAMA, Bahrain — Turkey plans to raise a further \$1.1 billion on international capital markets in 1988 to help service its foreign debt and has no plans to seek a rescheduling, according to the governor of the central bank, Rasud Saracoglu.

He said in an interview the government would be looking for more medium-term financing rather than short-term or project-related deals being offered by banks.

"Rescheduling is definitely not something that we even think about and there is absolutely no need," he said.

Mr. Saracoglu said Turkey was due to repay a total \$7.2 billion in interest and principal this year, a large portion of which is owed to Western governments grouped in what is known as the "Paris Club" of creditors.

"Although the amount is large, Turkey's exports have been growing in a very significant manner," he said. "Turkey should have no difficulty in servicing her debts."

He said exports were expected to be worth \$12.5 billion this year, up from about \$11.5 billion in 1987.

Mr. Saracoglu added that he had started to sound out countries in the Organization for Economic Cooperation and Development on the possibility of their central banks buying and selling Turkish securities as part of their normal market operations.

"We are saying: 'Help us in selling our securities. We don't want concessional rates, we don't want subsidized rates, we don't even want their official agencies to hold our securities. What we are saying is sell our securities,'" he said.

Mr. Saracoglu said agreement by central banks or official agencies to sell Turkish bonds as part of everyday reserve operations — effectively buying and selling — would help make a market in Turkey's paper.

He acknowledged central banks had strict regulations on the type of securities they could deal in, but said he would make a presentation to central bankers on the issue in April at the Bank for International Settlements in Basel, Switzerland.

Monday's OTC Prices

NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most recent securities in terms of dollar value.

12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. C/P/O

Large table of OTC prices with columns for stock symbols, dividends, yields, sales, and price ranges.

Table of stock prices with columns for 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. C/P/O.

Table of stock prices with columns for 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. C/P/O.

Banks Turn to Currency Trading to Boost Profit

LONDON — Many international banks and other financial institutions are counting on currency trading to prop up profits damaged by the Third World debt crisis and last year's stock market collapse, according to bankers and analysts.

While currency trading is not traditionally a major contributor to profits, Rod Barrett of British brokerage firm Hoare Govett Ltd. said it was good business for banks under pressure "to concentrate on their market strengths."

Tim Goodie, a director of Britain's Midland Bank Montagu, said, "There is no doubt it has become a core profit line rather than a peripheral profit line in the last couple of years."

Trading in Eurobonds and equities remains low after last October's worldwide stock market turmoil. Merchant banking activities such as rights issues and venture capital continue to suffer.

"After October's debacle, financial institutions are once again turning to foreign exchange," said Martin Marx, chief foreign exchange dealer at the U.S. securities house Shearson Lehman Brothers.

William Vincent, an analyst at Goldman Sachs International Corp., said "U.K. banks are becoming more aggressive as far as trading profits are concerned, but still not as much as American banks."

Wild, maverick positions are gone and gone forever," said Midland's Mr. Goodie.

An official of a major U.S. bank, who asked not to be identified, said, "You have to be good at risk management. It does not matter if you take aggressive positions, provided you have a good control system."

But for some banks under pressure to improve profits, currency trading "has meant larger, more medium-term, risk-intensive positions," said Robert Lukey, foreign exchange manager with Chemical Bank in London.

Market participants agree that medium-term, or strategic, dealing is on the rise, based on long-term views of economic fundamentals.

"Jobbing is an expensive business, in terms of staff, technical equipment, back office," one currency market dealer said.

Banks therefore are "turning towards larger and longer-term positions in addition to their jobbing operations," he said. "It does not require a large number of dealers or sophisticated equipment."

These positions stretch from two days to two months or more and remain much smaller than intraday ones, which can reach several hundred million dollars.

Strategic dealers tend to look more at cross trading, or transactions not related to the dollar. Rates tend to be less volatile and this lessens the risk of holding a currency for a long time, some dealers said.

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Oil Prices Erase Gains After Report of Saudi Discounting

NEW YORK — U.S. crude oil prices erased sharp, early gains on Monday to close slightly lower after market reports that Saudi Arabia has offered price discounts to additional customers.

West Texas Intermediate crude for April delivery, which rose nearly 50 cents to \$17.03 in early trading on the New York Mercantile Exchange, closed at \$16.49, 9 cents below Friday's close.

The market started off strongly because of Iraqi attacks over the weekend on Iran's Kharg Island oil terminal and technical buying, said Peter Beutel, analyst at Elders Futures Inc.

"Then reports of Saudi price discounts and profit-taking ended the rally," he said.

Prices were also firm early by a report by the official Saudi Press Agency quoting the Saudi oil minister, Faisal Nazer, as saying that Saudi Arabia was discounting the price of its oil to help Saudi customers.

Mr. Beutel at Elders said, "When the Saudis came out basically saying that they were offering discounts, it hit the market pretty hard when it was still vulnerable."

"We may see some more profit-taking Tuesday, but I think the market has decided that it's back to a major upward trend," he said.

In Mr. Beutel's view, King Fahd revealed the kingdom's discounting practices because Saudi Arabia is intent on keeping oil prices low to deprive Iran of oil revenues in its war against fellow OPEC member Iraq.

Traders said these reports quashed an early short-covering rally ahead of a news conference scheduled for Tuesday by OPEC's president, Rifwan Lukman, oil minister of Nigeria.

After Mr. Lukman's press conference was announced on Friday, expectations that OPEC would call a meeting of its price panel helped spot prices rise to \$16.61 a barrel from \$16.38 in the U.S. market.

Late Monday, Ecuador's energy minister, Fernando Santos Alvarado, said in Quito that Mr. Lukman will announce measures on Tuesday planned by the oil cartel to halt the oil price decline on world markets.

Mr. Lukman will also discuss results of an audit report prepared last month by a Dutch company on the cartel's January output, said Mr. Santos Alvarado, who is the alternate head of OPEC.

In Riyadh, Mr. Nazer was quoted as saying: "If the reports of output audits prove all OPEC members are abiding with their quotas, surely the oil prices will go up."

He said that his country was "in constant consultations" with producers inside and outside OPEC to "reach the best means to balance supply and demand and maintain that balance thereafter," the state-run Saudi news agency reported.

Meanwhile OPECNA, OPEC's news agency, reported that a Norwegian parliamentary committee on energy and industry met in Vienna on Monday, with OPEC officials to discuss oil prices and cooperation between outside producers and the 13-nation cartel.

Norway, a major producer that is not an OPEC member, has cut production by 15 percent since February to help stabilize prices.

(Reuters, AP)

Singapore Trade Deficit Shrinks As Exports Increase Sharply

SINGAPORE — Singapore's merchandise trade deficit narrowed to 475 million Singapore dollars (\$235 million) in February from 878 million dollars in January and 1 billion dollars in February 1987.

Exports rose to 5.90 billion dollars from 5.68 billion dollars a month earlier and 3.98 billion dollars a year earlier.

Imports fell slightly to 6.37 billion dollars in February from January's 6.55 billion dollars but rose sharply from 4.98 billion dollars a year earlier.

The trade board said exports rose on increased sales of computer and computer related products, telecommunications equipment and chemicals. More electronic parts, components, plastic materials, chemicals and semi-manufactured goods were imported.

SPORTS

Tyson Kayos Tubbs in 2d

By Fred Hiatt
Washington Post Service
TOKYO — Heavyweight champion Mike Tyson sent Tony Tubbs spinning and bucking to the canvas with a second-round knockout here Monday, easily defending his heavyweight titles and keeping his undefeated record.

win the first round by keeping Tyson in clinches and landing several solid lefts.
"He came out fighting," Tyson said. "He didn't fight like he was out of shape."

fight when, robeless, he strolled almost nonchalantly to the ring in his black shorts and red gloves.
Tubbs bounced in wearing a silver and red robe around his considerable girth.



Mike Tyson, following through on the left that finished Tony Tubbs.



Anthony Cook, who contributed 20 points himself, denying a Seaton Hall shot Sunday night in Los Angeles. Arizona romped, 84-55.

Richmond Gets Past Georgia Tech; Villanova Is Lone Big East Survivor

Compiled by Our Staff From Dispatches
NEW YORK — The Big East Conference, which started the NCAA basketball tournament with a record-tying six teams, is down to one — leaving it tied with the Colonial Athletic Association and one behind the Atlantic 10.

the eyes of the basketball junkies, but it was pretty in our eyes."
SOUTHEAST REGIONAL
At Cincinnati
Villanova 66, Illinois 63: Mark Plansky hit two free throws with four seconds left to give Villanova a 64-63 lead, and Rodney Taylor then stole an inbound pass and sank two more free throws to cap the Wildcat comeback from a 10-point deficit with three minutes left.

Already gone from the Big East were St. John's and Syracuse, and they were joined after Sunday's second-round regional play by Pittsburgh, Georgetown and Seion Hall; only Villanova remained.
Temple and surprising Rhode Island are still there for the Atlantic 10, while Richmond carries the banner of the even more lightly regarded CAA.

NCAA CHAMPIONSHIPS
comeback from a 10-point deficit with three minutes left.
Villanova (23-12) trailed by as many as 14 points in the second half but took advantage of poor Illinois foul shooting in the final 14:1. Plansky scored 16 points, including 10 of his team's final 18. Kenny Battle's 15 points paced Illinois, which finished its year at 23-10. Villanova will meet Kentucky in the Southeast semifinals Thursday.

Coach Tarrant: Late Bloomer's Coming Up Roses

By George Vecsey
New York Times Service
HARTFORD, Connecticut — He played basketball for Vince Lombardi and he scouted for Bobby Knight, and now he has defected Knight as a coach. Dick Tarrant taught in high school and had "holes in my shoes."

called me. I won't call them — even if they call me. Not at my age. I'm happy down there."
Tarrant was a Jersey guy before Bruce Springsteen made it fashionable. His odyssey began in the modest gymnasium of St. Cecilia High in Englewood, where his coach was a rugged former football lineman from Fordham. "He'd get right up in your face with those big teeth, spit flying," Tarrant recalled with evident affection.

All those years of scouting, all those years of standing in the corridors watching other coaches, had not been lost on this studious man. He began working the East Coast, taking players who were respectfully ignored by Terry Holland and Dean Smith and Lou Carnesecca.
"There are limits," Tarrant said. "Academics are part of it. We're not on national television. Our league affiliation."
There are enough players from New England to the Carolinas for Tarrant to fill up a squad with Ken Atkinson and Peter Woolfolk and Rodney Rice and Steve Kratzer, players who did not want to sit in the Big East or the Atlantic Coast Conference when they could play in the Colonial Athletic Association.

Titles on Line in World Cup Skiing's Final Week
SAALBACH, Austria — Although warm weather forced the cancellation of training runs Monday, the world World Cup ski season will end this week with a seven-event program and quite possibly a photo finish for the men's overall championship.

Markus Wasmeier of West Germany and Zurbriegen are battling for the top spot in the super-giant slalom.
Zurbriegen has already locked up the downhill title and Tomba has won the slalom crown.
Tomba has a 15-point edge over Austrian Helmut Mayer in the giant slalom standings.

SCOREBOARD
Hockey

Table with columns for National Hockey League Standings, including teams like Washington, Philadelphia, NY Islanders, and their respective records.

Basketball

Table with columns for Eastern Conference and Western Conference basketball standings, including teams like Seattle, Denver, Philadelphia, and their records.

NCAA Tournament

Table with columns for East Regional, Midwest Regional, and West Regional NCAA tournament results, including teams like Oklahoma, Louisville, and Kentucky.

Transition

Table with columns for Baseball, Basketball, and Football transitions, listing coaches and players moving between teams.

Baseball

CHICAGO — Assigned Tony Blazucci and Adam Pietsch, pitchers in the Vancouver of the Pacific Coast League. Assigned Jerry Bertoni, Tom Forrester and Carlos Martinez. Infielders and Willie Magallanes, outfielder, to Birmingham of the Southern League. Assigned Ricky Barlow, Jeff Blinger, Grody Hill, Greg Hibbard and Carl Willis, pitchers; Bill Lindsey, Matt Merulla, Eric Mitchell, catchers; and Jeff Scheer and David Scherers, infielders, to its minor league camp.

Preseason Baseball

Table with columns for American League and National League preseason baseball results, including teams like Kansas City, New York, Toronto, and their records.

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